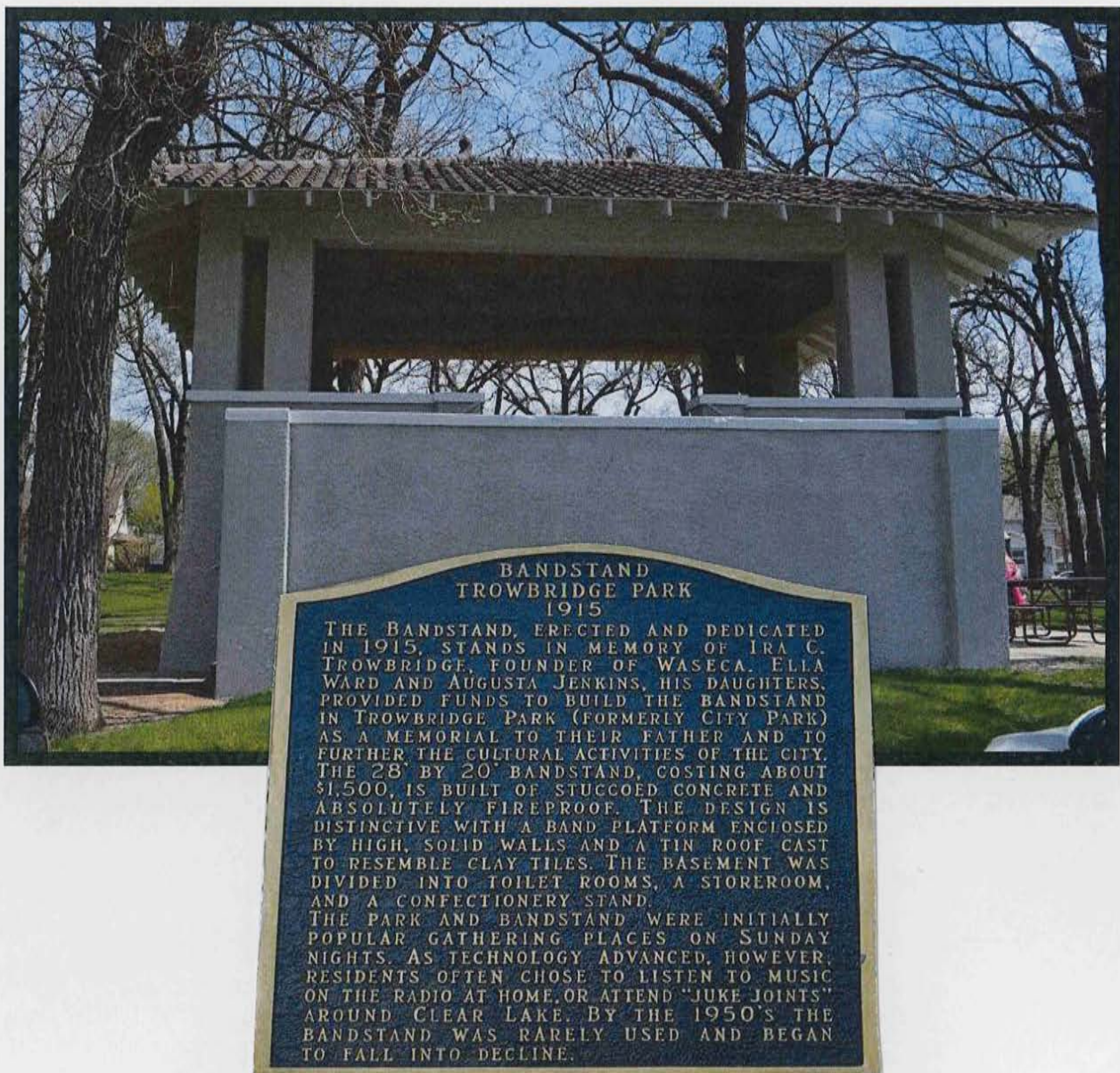


CITY OF WASECA MINNESOTA

Comprehensive Annual Financial Report

For the Fiscal Year Ended December 31, 2014



Member of the Government Finance Officers Association

COMPREHENSIVE ANNUAL FINANCIAL REPORT

CITY OF WASECA, MINNESOTA

For the Fiscal Year Ended

December 31, 2014

Prepared by City of Waseca Finance Department

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Comprehensive Annual Financial Report
Year Ended December 31, 2014

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May 22, 2015

To the City Council and Citizens of the City of Waseca

The City of Waseca annually issues a report on the financial position and activities of the community, prepared in accordance with the Generally Accepted Accounting Principles (GAAP) in the United States of America and audited in accordance with generally accepted auditing standards in the United States of America by an independent certified public accounting firm pursuant to the state requirements. We hereby issue the Comprehensive Annual Financial Report of the City of Waseca for the fiscal year ended December 31, 2014.

This report consists of management's representations concerning the finances of the City of Waseca. The management assumes full responsibility for the completeness and reliability of the information presented in this report. To provide a reasonable basis for making these representations, the management has established a comprehensive internal framework that is designed both to protect the government's assets from loss, theft or misuse and to complete sufficient, reliable information for the preparation of the City's financial statements in conformity with GAAP. The cost of internal controls should not outweigh their benefits, therefore, the City of Waseca's comprehensive framework of internal controls has been designed to provide reasonable, rather than the absolute assurance, that the financial statements will be free from material misstatement. As management, we assert that to the best of knowledge and belief, this financial report is complete and reliable in all material respects.

The City of Waseca's financial statements have been audited by Abdo, Eick & Meyers LLP. The goal of an independent audit is to provide reasonable assurance that the financial statements of the City for the fiscal year end are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified opinion that the City of Waseca's financial statements for the fiscal year ended December 31, 2014, are fairly presented in conformity with GAAP. The

Independent Auditor's Report is presented as the first component of the financial section of this report.

GAAP requires that management also provide a narrative introduction, overview and analysis to accompany the basic financial statements in the form of Management Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The City of Waseca's MD&A can be found immediately following the report of the independent auditors.

Profile of the Government

The City of Waseca is organized under a Home Rule Charter in accordance with applicable Minnesota State Statutes. The Charter prescribes a Council/Manager form of organization. The City provides a full range of municipal services. These include police services, fire protection, zoning and code enforcement, municipal planning, parks, recreation activities with an aquatic center, a regional airport, construction and maintenance of streets and infrastructure. Community and economic development are facilitated through a Housing and Redevelopment Authority and an Economic Development Authority. In addition, the City provides water, electric, sanitary sewer and surface water enterprise services. The City also contributes to the regional library system, senior center operations, senior transportation services, area tourism bureau, historical society and several other important community based areas.

The City of Waseca is located in the south central region of the state and covers approximately 6.8 square miles. The community is fortunate to be the home of several large manufacturing operations and varied commercial activity, yet it is located in the midst of an aesthetically appealing lake and recreation area that is popular to tourists in a multi-state area.

The annual budget serves as the foundation for the City of Waseca's financial planning control. All departments of the City of Waseca submit budget requests for the appropriations for the following year to the City Manager each year. These requests serve as a starting point for the development of a proposed budget. These requests are then presented to Council for review prior to the consideration of the preliminary tax levy. Under the requirements of the state law, Council is required to hold hearings and obtain input on the proposed budget and then proceeds to adopt a final budget and property tax levy no later than December 29th. The budget of the City of Waseca is prepared by fund, function and department. The City's budgets may be amended or modified at any time by the City Council. The legal level of budgetary control (i.e., the level at which expenditures may not legally exceed appropriations) is the department level.

Financial Condition

In 2013 Governor Dayton signed into law a tax bill that included an \$80 million increase in LGA

beginning with the 2014 distribution, as well as a new formula that was supported by the League of MN Cities, Coalition of Greater MN Cities, and Metro Cities. The appropriation will increase by \$7.8 million in 2015 and another \$2.5 million in 2016. In 2014 the City of Waseca received Certified LGA under the new formula of \$2,631,156 which is an increase of \$357,505 from 2013. For 2015 and 2016 the City expects to receive a slight increase to \$2,675,228. The increases in LGA will not fully restore the State property tax aid to pre-recession levels, however, it does allow the City begin the process to catch-up on many delayed initiatives and projects from that period. In the State economic forecast released in November 2014, the State projected a \$556 million budget surplus for the 2014-2015 biennial budget.

The first year the City realized savings from the sales tax exemption which was part of the State's 2013 tax bill was 2014. The exemption includes most purchases, but not those generally provided by a private business. In addition the Legislature made significant changes to the state minimum wage law which is a significant impact to the aquatic center operations. As of August 1, 2014 the City of Waseca was required to pay employees a minimum of \$8.00 per hour, on August of 2015 this will increase to \$9.00 per hour, and on August 1, 2016 this will be \$9.50 per hour.

When reviewing economic conditions one measure is the consumer price index (CPI), published by the Bureau of Labor Statistics, U.S. Department of Labor. The CPI is a measure of the average change over time in the prices paid by consumers for goods and services. The CPI for the Midwest rose 1.9 percent from April 2013 to April 2014. Future potential economic factor impact may result from health insurance as an outcome of the Federal Affordable Care Act.

Local Economy

Waseca is supported by strong industry clusters, infrastructure, natural resources and labor pool accessibility. Approximately one quarter of the jobs in Waseca are in manufacturing and the next largest category is in educational services and health care. Key players can be found in these industries: printing and printing support, packaging of food, machinery and specialty industries in electronics and electrical components. The City of Waseca is also the home of the Waseca County Government Center and Federal Correctional Institute - Waseca. The recent completion of the City's Public Safety Center allows for better public service and improves the capacity for the City's residential and business growth.

US Highway 14 is a major highway running from coast to coast and an interregional corridor that connects New Ulm, Mankato, Owatonna, Rochester and Winona. Originally constructed as a two-lane highway, the expansion of Highway 14 to a four-lane corridor between Owatonna and Mankato will improve safety and commerce.

Relevant Financial Policies

In 2011, the City approved a fund balance policy that coincides with GASB issued Statement No. 54. The fund balance policy dictates that the unrestricted fund balance in the General Fund should not fall below 10 percent of budgeted operating expenditures at any time during the year. At the end of each fiscal year, the City will maintain an unrestricted fund balance in the General Fund for working capital in a range equal to 35-50 percent of the subsequent year's General Fund expenditure budget. Appropriation from the minimum fund balance shall require the approval of the City Council. Any planned use of fund balance in the General Fund below the minimum target shall be accompanied by a plan to restore the fund balance to the minimum targeted level.

The City is in the process of maintaining a comprehensive Capital Improvement Plan (CIP) to facilitate the replacement of its aging infrastructure. When streets are reconstructed in this program, aging water, sanitary and storm sewer infrastructure is also repaired or replaced. These improvements are funded by a combination of general obligation improvement bonds supported with special assessments against benefited properties and cash from the capital projects funds and utility enterprise funds. It is expected that this will be an ongoing process and the CIP is reviewed and amended as part of each budget cycle. There will be an expanded use of the Pavement Management System in project analysis and the CIP will include cash flow projections for all funds providing funding for the CIP. A plan for the maintenance and upgrading of the City's buildings and facilities is being incorporated into the CIP for both operational repairs and for large capital expenditure type improvements.

In 2014 the City took advantage of the low interest rates by bonding for final funding of the new Public Safety Building with a twenty year term rather than the originally projected forty year term and had one refunding bond issue. These initiatives will result in future debt service interest savings for the City. The City will continue to review debt and investments to ensure maximization of City funding opportunities. The City is also reviewing the development of utility rate models to improve the City's ability to plan and generate cash for operations, scheduled maintenance and capital improvements.

Major Initiatives

The City continues to place a high priority on planning for the community needs as growth and expansion issues impact the City operations. The availability of land, infrastructure and services continue to drive the community development focus of the City. As the areas of the two new State Highway 14 bypass interchanges experience growth funding for project work will be a priority in future planning and budgeting.

A community that helps grow value has a positive impact on the net worth of all its property owners. As an organization, the City has worked diligently to build a variety of services, facilities, infrastructure and

secure a financial foundation for its residents and stakeholders. Maintaining high quality services plays a key role in favorable appreciation of the community's property values. The City's substantial investments in its infrastructure have aided not only in the improvement of quality of services but it has also spurred additional community investment.

The City initiatives for 2014 and 2015 include:

- Addition of program and staff for code compliance.
- Historic renovation of Trowbridge bandstand in preparation for the 2015 centennial.
- Addition of Northeast park pavilion and restroom facilities structure.
- Old highway 14 (Elm Avenue) turn back project with MnDOT to include City water and sewer improvement plans.
- 7th Avenue improvements.
- Addition of an airport Field Base Operator hanger and an airport master plan update.
- Library improvements including additional space, entry way and restroom upgrades.
- Continued sanitary sewer system cleaning, street sweeping and inspections.
- Continued community development loan programs for downtown business and blighted home improvements.
- Continue review of storm water management plan.
- Continued implementation of lift station SCADA and generator plan.
- Continued implementation of Surface Water Utility Fund for MS4 permit compliance.

Awards and Acknowledgments

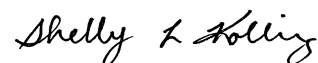
The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Waseca for its Comprehensive Annual Financial Report (CAFR) for the fiscal year ended December 31, 2013. This is the thirtieth consecutive year that the City has received this prestigious award. In order to be awarded this Certificate of Achievement, the government published an easily readable and efficiently organized CAFR and has satisfied both GAAP and applicable legal requirements. A Certificate of Achievement is valid for a period of one year and it is expected that the 2014 report conforms to the Certificate of Achievement program requirements. It will be submitted to the GFOA to determine its eligibility for another certificate.

The preparation and publication of this report could not have been accomplished without the professional and dedicated hard work of the Finance staff, accountant Andrew Splinter and assistants Lorene Worke and Sharon Dodson. We appreciate the cooperation and support from all City staff both in preparation of this report and in budget management throughout the year. Credit is also given to the Mayor, and members of the City Council for their support in maintaining the highest standards of professionalism and management of the City of Waseca's future.

Respectively Submitted,



Mark W. DuChene
Interim City Manager



Shelly L. Kolling
Finance Director



Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

**City of Waseca
Minnesota**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

December 31, 2013

Executive Director/CEO

CITY OF WASECA, MINNESOTA
OFFICIALS

December 31, 2014

CITY COUNCIL

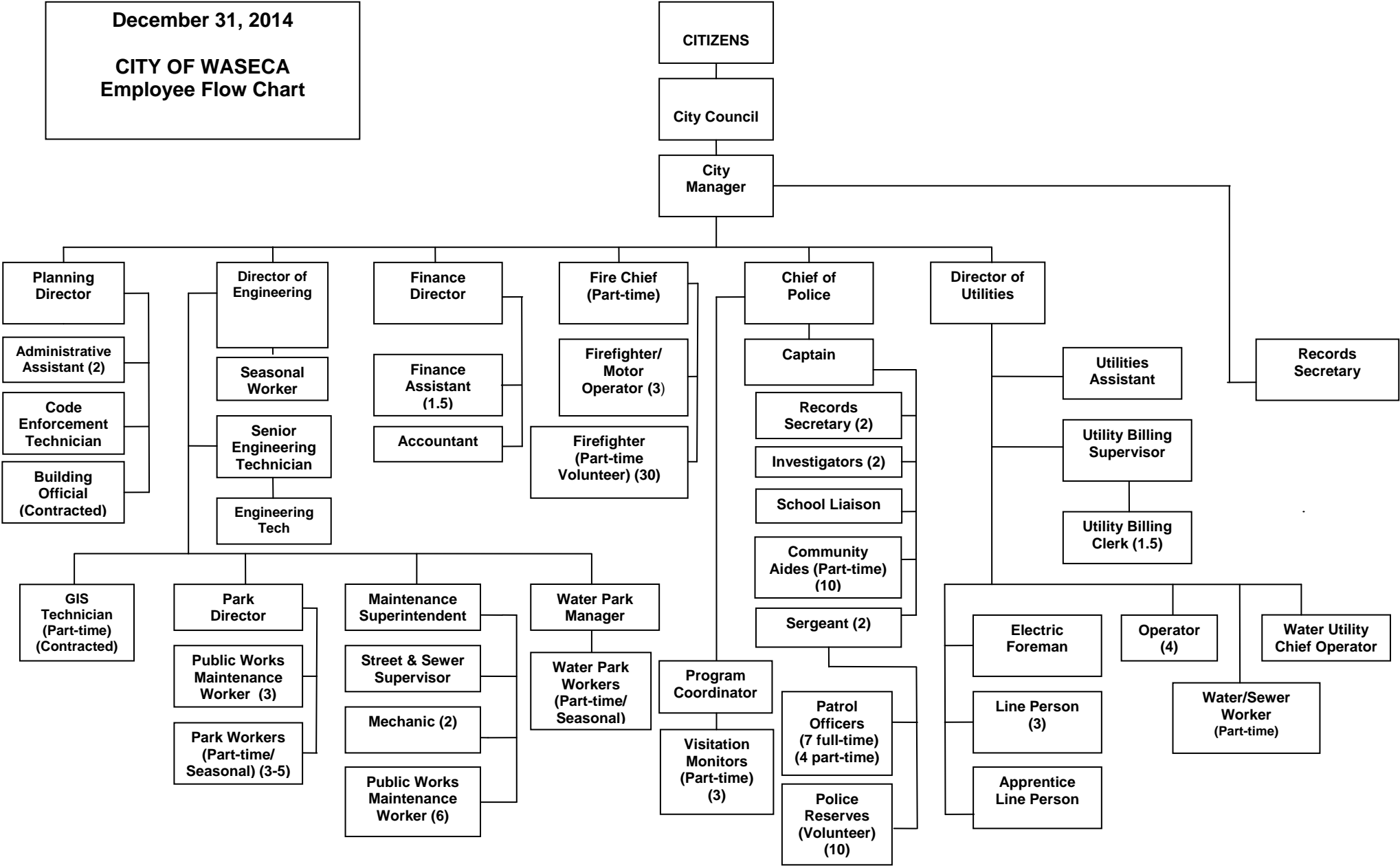
Roy Srp	Mayor
John Clemons	Council-First Ward
Larry Johnson	Council-First Ward
Les Tloughan	Council-Second Ward
Allan Rose	Council-Second Ward
Mark Christiansen	Council-Third Ward
Cindy Coy	Council-Third Ward

Mark DuChene, Interim City Manager

December 31, 2014

CITY OF WASECA

Employee Flow Chart



INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and City Council
City of Waseca, Minnesota

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component units, each major fund and the aggregate remaining fund information of the City of Waseca, Minnesota (the City), as of and for the year ended December 31, 2014, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the City's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City as of December 31, 2014, and the respective changes in financial position and, where applicable, cash flows thereof and the budgetary comparison for the General fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis starting on page 12 and the Schedule of Funding Progress on page 65 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

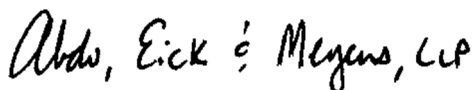
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The introductory section, combining and individual fund financial statements and schedules, component units and capital asset schedules, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual fund financial statements and schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory section and statistical section have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated May 22, 2015, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.



ABDO, EICK & MEYERS, LLP
Mankato, Minnesota
May 22, 2015

City of Waseca, Minnesota
Management's Discussion and Analysis
December 31, 2014

As management of the City of Waseca, we offer readers of the City of Waseca's financial statements this narrative overview and analysis of the financial activities of the City of Waseca for the fiscal year ended December 31, 2014. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found on pages 1-5 of this report, and the City's financial statements following this section.

Financial Highlights

The assets of the City of Waseca exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$66,446,426 (net position). Of this amount, \$14,203,405 (unrestricted net position) may be used to meet the government's ongoing obligations to citizens and vendors in accordance with the City's fiscal policies.

The City's total net position increased by \$1,246,472 during the current year. This increase is a result of the additions of equipment and infrastructure and a positive budget variance in expenditures for the City's General fund.

Capital assets less depreciation, were \$65,306,585 representing a broad base of city infrastructure.

As of the close of the current fiscal year, the City of Waseca's governmental funds reported combined ending fund balances of \$10,792,930. Approximately 71 percent of this total amount, \$7,666,467, is available for use within the City's discretion (committed, assigned or unassigned fund balance).

At the end of the current fiscal year, unrestricted fund balance for the General fund was \$3,078,746 or 55 percent of total General fund expenditures.

Overview of the Financial Statements: The discussion and analysis are intended to serve as an introduction to the City of Waseca's basic financial statements. The City of Waseca's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-Wide Financial Statements: The government-wide financial statements are designed to provide readers with a broad overview of the City of Waseca's finances, in a manner similar to a private-sector business.

The Statement of Net Position presents information on all of the City of Waseca's assets and liabilities, and deferred inflows of resources with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City of Waseca is improving or deteriorating. The 2014 statement provides for an increase in net position, mostly from the purchase of equipment and construction of infrastructure.

The Statement of Activities presents information showing how the City's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g. uncollected taxes and earned but unused vacation leave).

The government-wide financial statements include not only the City of Waseca (known as the primary government), but also the legally separate Economic Development Authority and Housing and Redevelopment Authority for which the City of Waseca is financially accountable. Financial information for these component units is reported separately from the financial information presented for the primary government.

The government-wide financial statements distinguish functions of the City of Waseca that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the City of Waseca include general government, public safety, streets and highways, sanitation, culture and recreation, airport, and economic development. The business-type activities of the City of Waseca include the water, sewer, electric and surface water utilities. The government wide financial statements can be found on pages 19-20 of this report.

Fund Financial Statements: A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City of Waseca, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City of Waseca can be divided into two categories: governmental funds and proprietary funds.

Governmental Funds: Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financial requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the City's near-term financial decisions. The Governmental Fund's Balance Sheet and Governmental Fund's Statement of Revenues, Expenditures, and Changes in Fund Balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The City of Waseca maintains thirty-six individual Governmental funds. Information is presented separately in the Governmental Funds Balance Sheet and in the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances for the General Fund, Special Assessment Fund, Public Safety Building, and Capital Improvement Capital Project Fund, all of which are considered to be major funds. Data from the other thirty-two Governmental Funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements elsewhere in this report.

The City of Waseca adopts an annual appropriated budget for its General fund, certain Special Revenue funds and certain Capital Project funds. A budgetary comparison statement has been provided for the General fund to demonstrate compliance with this budget. The basic governmental funds financial statements can be found on pages 22-27 of this report.

Proprietary Funds: The City of Waseca maintains two different types of Proprietary funds, Enterprise and Internal Service funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City of Waseca uses Enterprise funds to account for its water, sewer, electric and surface water utilities. Internal Service funds are accounting devices used to accumulate and allocate costs internally among the City of Waseca's various functions. The City of Waseca uses Internal Service funds to account for its workers' compensation insurance, property and liability insurance, and central garage services. Because these funds predominantly serve to benefit governmental rather than business-type functions, they have been included within governmental activities in the government-wide financial statements.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The Proprietary fund's financial statements provide separate information for the Enterprise funds, all of which are considered to be major funds of the City of Waseca. Conversely, the Internal Service funds are combined into a single, aggregated presentation in the Proprietary Fund Financial Statements. Individual fund data for the Internal Service funds is provided in the form of combining statements elsewhere in this report. The basic Proprietary fund financial statements can be found on pages 28-30 of this report.

Notes to the Financial Statements: The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The Notes to the Financial Statements can be found on pages 31-66 of this report.

Other Information: In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information. Required supplementary information can be found on pages 69-70 of this report. The combining statements referred to earlier in connection with non-major governmental funds and Internal Service funds are presented herewith. Combining and individual fund statements and schedules can be found on pages 74-112 of this report.

Government-Wide Financial Analysis: An analysis of the City's financial position begins with a review of the Statement of Net Position and the Statement of Activities. These two statements report the City's net position and changes in net position. It should be noted that the financial position can also be affected by non-financial factors, including economic conditions, population growth, and new regulations.

The City has committed significant time and funding toward the development of the necessary infrastructure for community growth. The financial statements reflect the trend of funding for not only operational functions of City operations, but also funding needed for growth projects. Waseca has the available land for growth of both commercial and residential sites, and the City Council has placed the goal of assisting and encouraging growth as a high priority in 2014 and beyond. As infrastructure programs are reviewed, meeting growth needs is a critical component of the planning process.

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City of Waseca, assets exceeded liabilities by \$66,446,426 at December 31, 2014. This is an increase of \$1,246,473 over the 2013 amount.

A condensed version of the Statement of Net Position at December 31, 2014 and 2013 follows:

CITY OF WASECA'S NET POSITION

	Governmental Activities		Business-Type Activities		Total	
	2014	2013	2014	2013	2014	2013
Current and other assets	\$ 12,706,590	\$ 9,864,309	\$ 9,314,151	\$ 9,574,755	\$ 22,020,741	\$ 19,439,064
Capital Assets	29,637,263	30,109,606	35,669,322	32,625,516	65,306,585	62,735,122
Total assets	42,343,853	39,973,915	44,983,473	42,200,271	87,327,326	82,174,186
Long-term liabilities outstanding	8,875,500	3,439,819	10,255,593	10,162,039	19,131,093	13,601,858
Other liabilities	718,987	2,528,749	1,030,819	843,625	1,749,806	3,372,374
Total liabilities	9,594,487	5,968,568	11,286,412	11,005,664	20,880,899	16,974,232
Net investment in capital assets	23,663,579	27,969,107	25,591,737	22,627,509	49,255,316	50,596,616
Restricted	3,000,951	1,380,926	-	-	3,000,951	1,380,926
Unrestricted	6,084,836	4,655,314	8,105,324	8,567,098	14,190,160	13,222,412
Total Net Position	\$ 32,749,366	\$ 34,005,347	\$ 33,697,061	\$ 31,194,607	\$ 66,446,427	\$ 65,199,954

By far, the largest portion of the City of Waseca's net position of \$49,255,316 (approximately 74.1%), reflects its investment in capital assets (e.g. land, buildings, machinery, and equipment) less any related debt used to acquire those assets. The City of Waseca uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City of Waseca's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. An additional portion of the City's net position of \$3,000,951 (approximately 4.5%), represent resources that are subject to external restrictions on how they may be used. The remaining balance of the net position is unrestricted \$14,190,160 (approximately 21.4%) and may be used to meet the government's ongoing obligations to citizens and creditors.

At the end of the current fiscal year, the City of Waseca is able to report positive balances in both categories of net position as the City establishes the groundwork for community expansion. The net position of the City, specifically in the business type activities, will continue to grow as the fundamental infrastructure of the City is increased and extended into existing rural areas.

A condensed version of the Statement of Changes in Net Position at December 31, 2014 and 2013 follows:

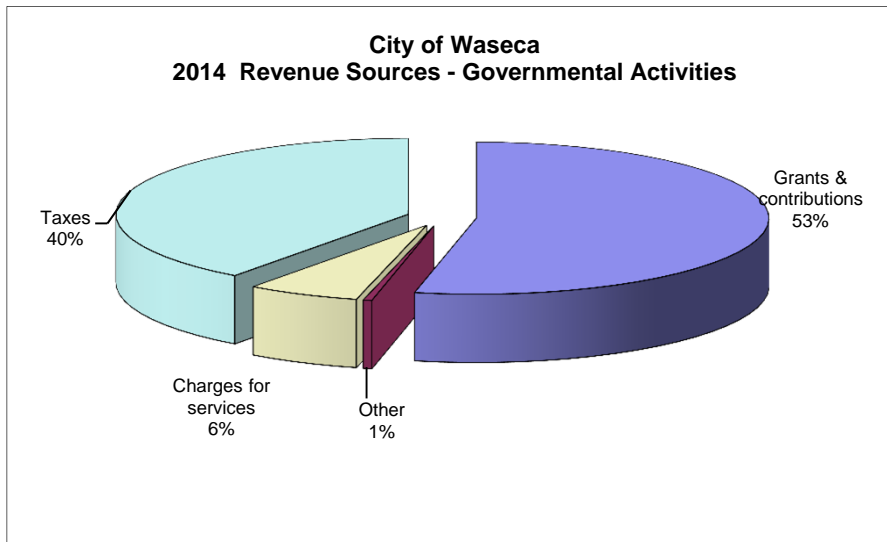
CITY OF WASECA'S CHANGES IN NET POSITION

	Governmental Activities		Business-Type Activities		Total	
	2014	2013	2014	2013	2014	2013
Revenues:						
Program revenues						
Charges for services	\$ 579,058	\$ 569,114	\$ 9,944,390	\$ 9,905,209	\$ 10,523,448	\$ 10,474,323
Operating grants and contributions	1,372,862	934,697	17,665	-	1,390,527	934,697
Capital grants and contributions	957,390	463,360	26,500	-	983,890	463,360
General revenues						
Taxes	3,947,952	3,983,640	-	-	3,947,952	3,983,640
Grants and contributions not restricted to specific programs	2,631,156	2,273,651	-	-	2,631,156	2,273,651
Unrestricted investment earnings	44,033	40,550	49,512	49,169	93,545	89,719
Gain on disposal of assets	2,998	8,664	11,455	23,033	14,453	31,697
Total revenues	9,535,449	8,273,676	10,049,522	9,977,411	19,584,971	18,251,087
Expenses:						
General government	\$ 1,450,120	\$ 1,311,191	\$ -	\$ -	\$ 1,450,120	\$ 1,311,191
Public safety	2,626,754	2,385,006	-	-	2,626,754	2,385,006
Streets and highways	2,348,043	2,657,336	-	-	2,348,043	2,657,336
Sanitation	43,942	37,434	-	-	43,942	37,434
Culture and recreation	1,173,439	1,221,298	-	-	1,173,439	1,221,298
Economic development	343,547	442,247	-	-	343,547	442,247
Interest and fees	223,502	132,580	-	-	223,502	132,580
Airport	135,732	150,248	-	-	135,732	150,248
Other	168,451	127,292	-	-	168,451	127,292
Water	-	-	1,057,817	968,149	1,057,817	968,149
Sewer	-	-	2,550,773	2,432,682	2,550,773	2,432,682
Electric	-	-	5,992,829	6,282,197	5,992,829	6,282,197
Surface water	-	-	223,549	-	223,549	-
Total expenses	8,513,530	8,464,632	9,824,968	9,683,028	18,338,498	18,147,660
Change in net position before transfers	1,021,919	(190,956)	224,554	294,383	1,246,473	103,427
Capital Contributions	(2,697,428)	-	2,697,428	-	-	-
Transfers	419,528	491,562	(419,528)	(491,562)	-	-
Change in net position	(1,255,981)	300,606	2,502,454	(197,179)	1,246,473	103,427
Net Position - January 1	34,156,998	33,856,392	31,194,607	31,391,786	65,351,605	65,248,178
Prior period adjustment	(151,651)	-	-	-	(151,651)	-
Net Position - January 1 (restated)	34,005,347	33,856,392	31,194,607	31,391,786	65,199,954	65,248,178
Net Position - December 31	\$ 32,749,366	\$ 34,156,998	\$ 33,697,061	\$ 31,194,607	\$ 66,446,427	\$ 65,351,605

Governmental Activities

Governmental activities decreased the City of Waseca's net position by \$1,255,981. The decrease is mainly due to the contribution of capital assets from governmental activities to business-type for the new Surface water utility. Expenses include \$1,585,150 of depreciation expense for governmental activities under the full accrual basis of accounting.

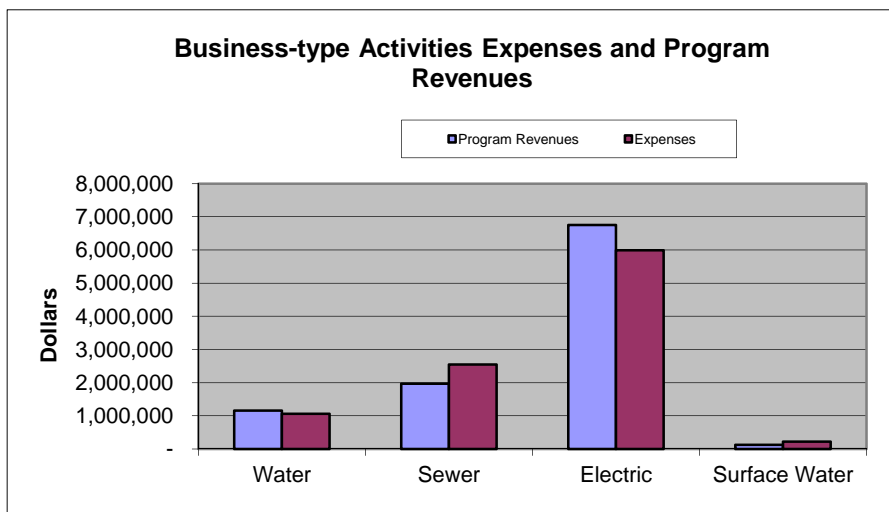
Governmental revenues totaled \$9,535,449. As part of GASB Statement No. 34 reporting, Internal Service fund revenues (\$488,846) and Internal Service fund expenses of (\$561,359) were allocated to all the governmental and business-type activities. Governmental revenues increased by \$1,261,773 in 2014 due mainly to a \$494,030 increase in capital grants and contributions. Below is a graph showing the sources of revenues.



Business-type Activities: Business-type activities net position increased by \$2,502,454. This increase is mainly due to the contribution of capital assets from governmental activities for the creation of the Surface Water utility.

Business type expenses increased by \$141,940 or 1.5% from 2013 to 2014 due mainly to the creation of a Surface Water Utility. Business-type activities had an increase of \$83,346 in program revenues due mostly to the creation of the Surface Water Utility.

Below are graphs showing the business-type activities revenue and expense comparisons:



Financial Analysis of the Government's Funds

Governmental Funds: The focus of the City of Waseca's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City of Waseca's financial requirements. In particular, unrestricted fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

At the end of the current fiscal year, the City of Waseca's governmental funds reported combined ending fund balances of \$10,792,930. The unrestricted fund balance (committed, assigned or unassigned) consists of \$7,786,492 of the total combined ending fund balance. The remainder of the fund balance consists of restricted fund balances in the amount of \$3,006,438.

The following is a discussion of the major governmental funds that had large increases or decreases in fund balance.

The General fund is the chief operating fund of the City. At the end of the current fiscal year, unrestricted (committed, assigned or unassigned) fund balance in the General fund was \$3,198,244, with \$38,905 restricted fund balance for Parkland Dedication and \$13,245 for the PEG channel. Total fund balance was \$3,250,394. As a measure of the General fund's liquidity it may be useful to compare unrestricted fund balance to next years budgeted total General fund expenditures. Unrestricted fund balance represents 53.1% of total budgeted 2015 General fund expenditures of \$6,023,623

The fund balance of the City's General fund increased by \$128,871 during the current fiscal year. The key factor of this increase can be attributed to positive budget variances in expenditures for street maintenance and engineering.

The City continued to fund the Capital Improvement fund with a \$631,976 allocation. Some of the projects were not completed in 2014 and costs were carried over into the 2015 budget. Fund balance increased \$1,056,217 during 2014, mainly due to the issuance of debt with proceeds totaling \$2,035,437. To meet the needs of the street plan and comply with a Pavement Condition Index (PCI) report, future budget years may require the City to review Capital Improvement Project (CIP) funding, and increase the property tax levy and accompanying transfer to CIP for the increased costs of infrastructure. This will allow the City to address the growth needs of the community.

The Special Assessment Capital Project fund had an increase in fund balance during 2014 of \$177,725 to a total of \$421,370 due to special assessment receipts in excess of related project costs during the year.

The Public Safety Building fund was closed during 2014 due to the completion of the project and fund balance was reduced to zero.

Proprietary Funds: The City of Waseca's Proprietary funds have unrestricted net position as follows:

Water fund	\$ 1,186,970
Sanitary Sewer Fund	\$ 4,069,298
Electric Fund	\$ 2,918,356
Surface Water fund	\$ 36,828

The net position of the Proprietary funds increased by \$2,511,671 during the current fiscal year. Key factors in this increase include:

The Water fund had an increase in net position of \$38,344 mainly as a result of operating income of \$77,656.

The Sanitary Sewer fund had a decrease in net position of \$510,486 mainly due to operating loss of \$284,527

The Electric fund had an increase in net position of \$357,041 due mainly to a operating income of \$793,114.

The Surface Water fund had an increase in net position of \$2,626,727, mainly due to the contribution of capital assets from the governmental activities totaling \$2,697,428

The net position of the Internal Service funds decreased by \$72,513, due mainly to claims beyond expectations in the Property and Liability insurance fund.

General Fund Budgetary Highlights

The difference between the original budgeted expenditures and transfers out and the final amended budgeted expenditures and transfers out was an increase of \$13,131 during the fiscal year 2014. There was also an increase of \$13,131 between the original budgeted revenues and transfers in and the final amended budgeted revenues and transfers in. Significant budget changes during the current fiscal year included the following:

- * Increase in grant revenue and Fire expenses totaling \$13,131 for dress uniforms purchased.

General fund final amended budgeted expenditures exceeded actual expenditures by \$300,215 during fiscal year 2014. The actual revenues exceeded the budgeted revenues by \$94,655. Significant variances during the current fiscal year included the following:

- * Tax revenues exceeded budget by \$36,661
- * Budgeted Engineering expenditures exceeded actual expenditures by \$96,233 due to expenditures being lower than anticipated.
- * Budgeted Street maintenance expenditures exceeded actual expenditures by \$107,057 due to expenditures being lower than anticipated.

Capital Asset and Debt Administration

Capital Assets: The City of Waseca's investment in capital assets for its governmental and business-type activities as of December 31, 2014, amounts to \$65,306,585 (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements, machinery and equipment, and infrastructure. The total increase in the City of Waseca's investment in capital assets was 3.8% (a 2.1% decrease for governmental activities and a 9.3% increase for business-type activities).

More detailed information on the City's capital assets is presented in the Notes to the Financial Statements at Note IV, C, pages 44-45.

Major capital asset events during the current fiscal year included the following:

- * Remodeling of former Econofoods building into Public Safety Building with costs in 2014 of \$662,886. This project was completed in 2014 at a total cost of \$2,580,257.
- * New Dump Truck was purchased with a cost of \$216,269.
- * Street reclamation, improvement and sidewalk projects totaling \$1,040,047 in 2014.
- * 7th Ave Reconstruction project began with costs in 2014 of \$777,460.

Long-Term Debt: At the end of the fiscal year, the City of Waseca had total long-term debt of \$19,131,090. This debt has been issued to finance the special assessment construction of the City's street and pavement program. Debt has also been issued for revenue bonds, which are in place to finance water main and sewer line infrastructure construction and improvements. The City has also issued debt for the construction of the Wastewater Treatment Plant expansion and conveyance system improvements. The City of Waseca's total debt increased by \$5,529,232 (40.7% increase) during the current fiscal year. The main factor in this increase was the issuance of new debt obligations in 2014.

Changes in long-term debt included two bond issues. The proceeds from Series 2014A will be used to provide final funding for the Public Safety Facility in the amount of \$2,200,000, finance Northeast Park improvements in the amount of \$617,823 and finance street improvements related to 7th Avenue in the amount of \$1,307,177. The 2014B Series will be used to provide current refunding in the amount of \$850,000 of GO Water and Sewer Revenue Bonds and crossover refunding of GO Aquatic Center Bonds in the amount of \$1,375,000. The crossover bonds will be funded from the required escrow account on the anticipated call date of February 1, 2016. The purpose of the refunding is to achieve debt service savings.

The City of Waseca has received a bond rating of Aa3 from Moody's, it's fourth-highest rating, on its general obligation debt issued in November 2011. With the City's most recent debt issue (2014) Moody's re-affirmed the rating.

State statutes limit the amount of general obligation debt a Minnesota city may issue to 3% of the total taxable market value. The current debt limitation for the City of Waseca is \$11,120,463 and \$7,185,000 of the City's outstanding debt is counted within the statutory limitation. The balance of the City's debt is either wholly or partially financed by revenues other than a general tax levy.

More detailed information on the City's long-term debt is presented in the Notes to the Financial Statements at Note IV, G, pages 47-51.

Economic Factors and Budget Information

Significant economic factors affecting the City are as follows:

According to U.S. Bureau of Labor Statistics as of December 2014, Waseca County's unemployment rate of 4.7% compares unfavorably to the state unemployment rate of 4.1%, but compares favorably to the national unemployment rate of 6.2%. Waseca County's unemployment rate was 4.9% in 2013; and 6.4% in 2012.

Property tax aid from the State of Minnesota increased beginning with the 2014 distribution which included a new formula that was supported by the League of MN Cities, Coalition of Greater MN Cities, and Metro Cities. For the City of Waseca the Certified Local Government Aid (LGA) under the new formula for 2014 was \$2,631,156 which included an increase of \$357,505 from 2013. This did not fully restore the State property tax aid to pre-recession levels. In addition to maintaining the 2014 LGA amount, for 2015 the City will receive an additional \$44,072 in funding.

The adopted budget for the City of Waseca sets the 2015 property tax levy at \$3,507,906 which is a slight increase from prior year levies.

The Highway 14 multi-phase upgrade project has completed the phase with the bypass of State Highway 14, providing four lanes to Owatonna and Mankato. There are two interchanges to Waseca from the new Highway. Completion of the project relieved congestion at major intersections within the center of the City.

Requests for Information

This financial report is designed to provide a general overview of the City of Waseca's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Office of the Finance Director, City of Waseca, 508 South State Street, Waseca, MN, 56093.

CITY OF WASECA, MINNESOTA
STATEMENT OF NET POSITION
December 31, 2014

	Primary Government			Component Units	
	Governmental Activities	Business - type Activities	Total	Economic Development Authority	Housing and Redevelopment Authority
ASSETS					
Cash and Investments	\$ 8,764,526	\$ 7,235,037	\$ 15,999,563	\$ 559,486	\$ 515,742
Receivables					
Taxes	76,942	-	76,942	1,645	-
Accounts	67,611	1,549,962	1,617,573	2,000	160
Utility	-	12,815	12,815	-	-
Assessments	693,919	32,957	726,876	-	-
Interest	50,990	-	50,990	-	-
Loans (net of allowance)	37,840	-	37,840	-	-
Due from other governments	282,697	14,666	297,363	882	-
Internal balances	106,128	(106,128)	-	-	-
Inventory	-	294,605	294,605	-	-
Land Held for Resale	1,040,467	-	1,040,467	177,267	-
Prepaid items	-	-	-	-	14,337
Investment in joint venture	190,659	-	190,659	-	-
Restricted assets:					
Cash with fiscal agent	1,394,811	-	1,394,811	-	-
Customer deposits	-	203,523	203,523	-	-
Capital Assets					
Land	1,094,596	257,465	1,352,061	-	61,996
Infrastructure	31,516,256	4,283,126	35,799,382	-	-
Construction in progress	935,780	1,148,868	2,084,648	-	-
Buildings	6,113,251	16,003,416	22,116,667	-	2,169,578
Improvements other than buildings	6,859,718	36,035,293	42,895,011	-	110,173
Machinery and equipment	5,769,816	7,410,349	13,180,165	-	148,531
Accumulated depreciation	(22,652,154)	(29,469,195)	(52,121,349)	-	(1,836,204)
Service territory (net of amortization)	-	76,714	76,714	-	-
Total assets	42,343,853	44,983,473	87,327,326	741,280	1,184,313
LIABILITIES					
Current liabilities					
Accounts payable	471,150	634,392	1,105,542	1,249	11,400
Customer deposits	-	203,523	203,523	-	16,055
Accrued wages payable	91,096	25,791	116,887	-	-
Accrued interest	49,465	100,121	149,586	-	-
Due to other governments	107,276	54,177	161,453	-	16,236
Unearned revenue - utility	-	12,815	12,815	-	-
Noncurrent liabilities:					
Due within one year	437,410	1,788,294	2,225,704	5,600	1,943
Due in more than one year	8,438,090	8,467,299	16,905,389	5,600	-
Total liabilities	9,594,487	11,286,412	20,880,899	12,449	45,634
NET POSITION					
Net investment in capital assets	23,663,579	25,591,737	49,255,316	-	654,074
Restricted					
Restricted for Debt Service	1,531,040	-	1,531,040	-	-
Restricted for Clear Lake Press Fund	137,656	-	137,656	-	-
Restricted for Revolving Loans	88,922	-	88,922	227,020	-
Restricted for TIF Funds	500,303	-	500,303	-	-
Restricted for Historical Preservation	18	-	18	-	-
Restricted for Safe Haven	3,546	-	3,546	-	-
Restricted for Police Forfeitures	56,436	-	56,436	-	-
Restricted for Municipal State Aid	591,382	-	591,382	-	-
Restricted for Parkland Dedication	78,403	-	78,403	-	-
Restricted for PEG Channel	13,245	-	13,245	-	-
Unrestricted	6,084,836	8,105,324	14,190,160	501,811	484,605
Total net position	\$ 32,749,366	\$ 33,697,061	\$ 66,446,427	\$ 728,831	\$ 1,138,679

The notes to the financial statements are an integral part of this statement.

CITY OF WASECA, MINNESOTA
STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2014

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position			Component Units	
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total	Economic Development Authority	Housing and Redevelopment Authority
Governmental Activities:									
General Government	\$ 1,450,120	\$ 150,630	\$ 111,155	\$ 20,662	\$ (1,167,673)		\$ (1,167,673)		
Public Safety	2,626,754	156,120	400,118	1,156	(2,069,360)		(2,069,360)		
Streets and Highways	2,348,043	-	549,656	437,616	(1,360,771)		(1,360,771)		
Sanitation	43,942	-	-	-	(43,942)		(43,942)		
Culture and Recreation	1,173,439	145,208	-	-	(1,028,231)		(1,028,231)		
Economic Development	343,547	-	184,718	-	(158,829)		(158,829)		
Interest and fees	223,502	-	-	-	(223,502)		(223,502)		
Airport	135,732	127,100	127,215	497,956	616,539		616,539		
Other	168,451	-	-	-	(168,451)		(168,451)		
Total Governmental Activities	8,513,530	579,058	1,372,862	957,390	(5,604,220)		(5,604,220)		
Business-type Activities									
Water	1,057,817	1,124,343	2,279	26,500	-	\$ 95,305	95,305		
Sewer	2,550,773	1,965,329	-	-	-	(585,444)	(585,444)		
Electric	5,992,829	6,748,614	841	-	-	756,626	756,626		
Surface Water Utiliy	223,549	106,104	14,545	-	-	(102,900)	(102,900)		
Total Business-type Activities	9,824,968	9,944,390	17,665	26,500	-	163,587	163,587		
Total Primary Government	\$ 18,338,498	\$ 10,523,448	\$ 1,390,527	\$ 983,890	(5,604,220)	163,587	(5,440,633)		
Component Unit									
Economic Development Authority	\$ 21,019	\$ -	\$ -	\$ -				\$ (21,019)	
Housing and Redevelopment Authority	401,594	252,964	113,062	5,003					\$ (30,565)
Total component units	\$ 422,613	\$ 252,964	\$ 113,062	\$ 5,003					
General Revenues:									
Property Taxes - General					3,227,394	-	3,227,394	79,169	-
Property Taxes - Debt service					208,866	-	208,866	-	-
Tax Increment Financing revenue					270,383	-	270,383	-	-
Lodging Taxes					29,710	-	29,710	-	-
Franchise Taxes					211,599	-	211,599	-	-
Grants and Contributions not restricted					2,631,156	-	2,631,156	-	-
Unrestricted Investment Earnings					44,033	49,512	93,545	2,850	609
Gain on Disposal of Assets					2,998	11,455	14,453	-	180
Contributions of capital assets					(2,697,428)	2,697,428	-	-	-
Transfers					419,528	(419,528)	-	-	-
Total General Revenues and Transfers					4,348,239	2,338,867	6,687,106	82,019	789
Change in Net Position					(1,255,981)	2,502,454	1,246,473	61,000	(29,776)
Net Position - Beginning					34,156,998	31,194,607	65,351,605	667,831	1,168,455
Prior Priod Adjustment - Land for resale					(151,651)	-	(151,651)	-	-
Net Position - Beginning, restated					34,005,347	31,194,607	65,199,954	667,831	1,168,455
Net Position - Ending					\$ 32,749,366	\$ 33,697,061	\$ 66,446,427	\$ 728,831	\$ 1,138,679

The notes to the financial statements are an integral part of this statement.

Major Funds

Governmental

General Fund

This fund accounts for the financial operations of the City that are not accounted for in any other fund. Principal sources of revenue are state aid and county-shared revenue and property taxes.

Capital Improvement Fund

This fund accounts for the construction and/or maintenance of the City's infrastructure, including streets, park enhancements, sidewalks, public buildings and facilities, storm sewers, etc.

Special Assessment Capital Project Fund

This fund accounts for project costs which will be assessed to benefitting property owners and the receipt of special assessment disbursements from county collections.

Public Safety Building Fund

This Capital Project fund is used to track revenues and expenses related to renovations of the City's new Public Safety Building.

Proprietary

The City's Enterprise Funds are used to account for self-supporting activities that render services to the general public on a user charge basis.

Water Fund

This fund accounts for the municipal water system.

Sanitary Sewer Fund

This fund accounts for the operation of the wastewater treatment plant and the sanitary sewer system.

Electric Fund

This fund accounts for the municipal electric utility operation. The City owns and operates the electric distribution system and buys all of its power requirements on a wholesale basis.

Surface Water Utility Fund

The fund accounts for the operation of the City's Surface Water Utility system.

CITY OF WASECA, MINNESOTA
GOVERNMENTAL FUNDS
BALANCE SHEET
December 31, 2014

	General	Capital Improvement Fund	Special Assessment Fund	Public Safety Building	Other Governmental Funds	Total Governmental Funds
ASSETS						
Cash and Investments	\$ 3,123,768	\$ 2,192,194	\$ 419,452	\$ -	\$ 2,789,475	\$ 8,524,889
Cash - with fiscal agent	-	-	-	-	1,394,811	1,394,811
Receivables						
Taxes	72,989	-	-	-	3,953	76,942
Accounts	63,091	-	-	-	4,520	67,611
Assessments	-	-	693,919	-	-	693,919
Interest	50,989	-	-	-	-	50,989
Loans	-	-	-	-	37,840	37,840
Due from other governments	167,843	-	1,918	-	112,936	282,697
Land Held for Resale	80,000	-	-	-	960,467	1,040,467
Due from other funds	18,924	-	-	-	-	18,924
Total assets	<u>\$ 3,577,604</u>	<u>\$ 2,192,194</u>	<u>\$ 1,115,289</u>	<u>\$ -</u>	<u>\$ 5,304,002</u>	<u>\$ 12,189,089</u>
LIABILITIES						
Accounts payable	\$ 142,780	\$ 63,514	\$ -	\$ -	\$ 203,273	\$ 409,567
Due to other governments	24,509	77,796	-	-	4,916	107,221
Accrued wages payable	86,932	-	-	-	2,654	89,586
Due to other funds	-	-	-	-	18,924	18,924
Total liabilities	<u>254,221</u>	<u>141,310</u>	<u>-</u>	<u>-</u>	<u>229,767</u>	<u>625,298</u>
DEFERRED INFLOWS OF RESOURCES						
Unavailable revenue - taxes	72,989	-	-	-	3,953	76,942
Unavailable revenue - assessments	-	-	693,919	-	-	693,919
Total deferred inflows of resources	<u>72,989</u>	<u>-</u>	<u>693,919</u>	<u>-</u>	<u>3,953</u>	<u>770,861</u>
FUND BALANCES						
Nonspendable:						
Land held for resale	80,000	-	-	-	-	80,000
Restricted for:						
Debt Service	-	-	-	-	1,576,552	1,576,552
Clear Lake Press Fund	-	-	-	-	137,656	137,656
Revolving Loan	-	-	-	-	88,922	88,922
TIF Funds	-	-	-	-	500,303	500,303
Historical Preservation	-	-	-	-	18	18
Police Safe Haven	-	-	-	-	3,546	3,546
Police Forfeitures	-	-	-	-	56,436	56,436
Municipal State Aid	-	-	-	-	591,382	591,382
Parkland Dedication	78,403	-	-	-	-	78,403
PEG Channel	13,245	-	-	-	-	13,245
Committed to:						
Airport	-	-	-	-	302,284	302,284
Police Reserves	-	-	-	-	148	148
Waseca Housing Fund	-	-	-	-	69,451	69,451
Assigned to:						
Capital Projects Funds	-	2,050,884	-	-	-	2,050,884
Northwest Commercial Development	-	-	-	-	1,117,737	1,117,737
Annexation and Growth	-	-	-	-	243,221	243,221
Equipment Replacement	-	-	-	-	205,563	205,563
Operations	-	-	-	-	143,661	143,661
Future projects	-	-	421,370	-	-	421,370
Highway 14 Reconstruction	-	-	-	-	38,514	38,514
Library remodel	-	-	-	-	8,696	8,696
Unassigned:						
Unassigned	3,078,746	-	-	-	(13,808)	3,064,938
Total fund balances	<u>3,250,394</u>	<u>2,050,884</u>	<u>421,370</u>	<u>-</u>	<u>5,070,282</u>	<u>10,792,930</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 3,577,604</u>	<u>\$ 2,192,194</u>	<u>\$ 1,115,289</u>	<u>\$ -</u>	<u>\$ 5,304,002</u>	<u>\$ 12,189,089</u>

The notes to the financial statements are an integral part of this statement.

**RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
December 31, 2014**

FUND BALANCE - TOTAL GOVERNMENTAL FUNDS \$ 10,792,930

Amounts reported for governmental activities in the Statement of Net Position are different because:

Capital assets used in governmental funds are not current financial resources and, therefore are not reported as assets in governmental funds:

Cost of capital assets	52,289,417	
Less: Accumulated depreciation	<u>(22,652,154)</u>	29,637,263

Investments in joint ventures are not financial resources and, therefore are not reported in the funds.		190,659
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Governmental funds do not report a liability for accrued interest until due and payable.		(49,465)
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Internal service funds are used by management to charge the costs of various services provided to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the Statement of Net Position.

Internal service fund net position per statements	176,489	
Add allocation to business-type activities	<u>106,128</u>	282,617

Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds.		(8,385,376)
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Other post-employment benefits are not due and payable in the current period and, therefore, are not reported in the funds.		(256,748)
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Bond premiums and discounts are reported as other financing sources (uses) in the governmental funds at the time of issuance. In the Statement of Net Position, these are amortized over the life of the debt issue.		(233,376)
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Other long-term assets related to delinquent property taxes, special assessments, and loans are not available to pay for current period expenditures and, therefore, are unavailable in the governmental funds (net of uncollectible loans).		770,862
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NET POSITION OF GOVERNMENTAL ACTIVITIES		\$ <u><u>32,749,366</u></u>
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The notes to the financial statements are an integral part of this statment.

CITY OF WASECA, MINNESOTA
GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
For the Year Ended December 31, 2014

	General	Capital Improvement Fund	Special Assessment Fund	Public Safety Building	Other Governmental Funds	Total Governmental Funds
REVENUES						
Taxes	\$ 3,478,704	\$ -	\$ -	\$ -	\$ 479,250	\$ 3,957,954
Licenses	56,769	-	-	-	-	56,769
Permits and fees	139,247	-	-	-	-	139,247
Intergovernmental	2,900,488	-	-	-	1,569,135	4,469,623
Charges for services	23,713	-	-	-	-	23,713
Program income	-	-	-	-	269,125	269,125
Fines and forfeitures	21,151	-	-	-	5,408	26,559
Assessments	-	-	286,732	-	-	286,732
Contributions	15,417	-	-	1,156	35,062	51,635
Miscellaneous	147,417	19,072	33,794	6,832	50,225	257,340
Total revenues	<u>6,782,906</u>	<u>19,072</u>	<u>320,526</u>	<u>7,988</u>	<u>2,408,205</u>	<u>9,538,697</u>
EXPENDITURES						
Current:						
General government	1,317,342	-	-	-	7,077	1,324,419
Public safety	2,220,623	-	-	-	199,761	2,420,384
Streets and highways	1,265,852	23,405	-	-	407,329	1,696,586
Sanitation	43,942	-	-	-	-	43,942
Cultural and recreation	627,922	-	-	-	226,536	854,458
Economic development	-	-	-	-	337,229	337,229
Airport	-	-	-	-	66,034	66,034
Other services	168,451	-	-	-	-	168,451
Debt service:						
Bond principal	-	-	-	-	355,000	355,000
Interest and fiscal charges	-	-	-	-	112,201	112,201
Bond issue costs	-	-	-	-	118,566	118,566
Capital outlay						
General government	-	35,284	-	-	-	35,284
Public safety	-	7,610	-	727,791	94,887	830,288
Streets and highways	-	1,365,111	142,801	-	426,814	1,934,726
Culture and recreation	-	60,859	-	-	99,593	160,452
Airport	-	-	-	-	626,416	626,416
Total expenditures	<u>5,644,132</u>	<u>1,492,269</u>	<u>142,801</u>	<u>727,791</u>	<u>3,077,443</u>	<u>11,084,436</u>
Excess (deficiency) of revenues over (under) expenditures	<u>1,138,774</u>	<u>(1,473,197)</u>	<u>177,725</u>	<u>(719,803)</u>	<u>(669,238)</u>	<u>(1,545,739)</u>
OTHER FINANCING SOURCES (USES)						
Sale of capital assets	-	-	-	-	6,924	6,924
Transfers in	617,616	631,976	-	150,247	1,000,542	2,400,381
Bond premium	-	78,857	-	83,432	79,807	242,096
Issuance of debt	-	1,956,579	-	2,070,109	1,473,312	5,500,000
Transfers out	(1,627,519)	(137,998)	-	-	(215,336)	(1,980,853)
Total other financing sources (uses)	<u>(1,009,903)</u>	<u>2,529,414</u>	<u>-</u>	<u>2,303,788</u>	<u>2,345,249</u>	<u>6,168,548</u>
Net change in fund balances	<u>128,871</u>	<u>1,056,217</u>	<u>177,725</u>	<u>1,583,985</u>	<u>1,676,011</u>	<u>4,622,809</u>
Fund balances - beginning	3,046,023	994,667	243,645	(1,583,985)	3,353,211	6,053,561
Prior period adjustment	75,500	-	-	-	41,060	116,560
Fund balances - beginning restated	<u>3,121,523</u>	<u>994,667</u>	<u>243,645</u>	<u>(1,583,985)</u>	<u>3,394,271</u>	<u>6,170,121</u>
Fund balances - ending	<u>\$ 3,250,394</u>	<u>\$ 2,050,884</u>	<u>\$ 421,370</u>	<u>\$ -</u>	<u>\$ 5,070,282</u>	<u>\$ 10,792,930</u>

The notes to the financial statements are an integral part of this statement.

**RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCES OF
GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2014**

NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS \$ 4,622,809

Amounts reported for governmental activities in the Statement of Activities are different because:

Governmental funds report capital outlays as expenditures while governmental activities report depreciation expense to allocate those expenditures over the life of the asset.

Capital outlay	3,899,768	
Assets contributed to Enterprise fund	(2,697,428)	
Book value of assets sold or traded	(14,032)	
Depreciation expense	<u>(1,585,150)</u>	(396,842)

Revenues (property taxes, special assessment and loan receivable deferred inflows) in the Statements of Activities that do not provide current financial resources are not reported as revenues in the funds. 25,158

The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes current financial resources of governmental funds. Neither transaction, however, has any effect on net position. This is the amount of repayments in the current period. Also, governmental funds report the effect premiums and discounts when debt is first issued, whereas these amounts are amortized in the Statement of Activities.

Issuance of debt, net of bond premium	(5,742,096)	
Principal repayments	355,000	
Change in accrued interest	(3,640)	
Amortization of bond discount and premium	<u>(2,062)</u>	(5,392,798)

Some expenses (changes in other post-employment benefits, compensated absences, and investment in joint venture) reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.

Change in other post-employment benefits	(29,108)	
Change in investment in joint venture	(4,491)	
Change in compensated absences	<u>(17,413)</u>	(51,012)

The net gain (loss) of the Internal Service funds reported within governmental activities (63,296)

CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES **\$ (1,255,981)**

CITY OF WASECA, MINNESOTA
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2014

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
REVENUES				
Taxes	\$ 3,442,043	\$ 3,442,043	\$ 3,478,704	\$ 36,661
Licenses	39,975	39,975	56,769	16,794
Permits and fees	106,100	106,100	139,247	33,147
Intergovernmental	2,860,111	2,860,111	2,900,488	40,377
Charges for services	25,150	25,150	23,713	(1,437)
Fines and forfeitures	36,000	36,000	21,151	(14,849)
Contributions	5,000	18,131	15,417	(2,714)
Miscellaneous	160,741	160,741	147,417	(13,324)
Total revenues	<u>6,675,120</u>	<u>6,688,251</u>	<u>6,782,906</u>	<u>94,655</u>
EXPENDITURES				
Current:				
General government				
Legislative	158,809	158,809	161,251	(2,442)
Administration	306,792	204,683	187,276	17,407
Elections	21,550	21,550	20,862	688
Finance	333,372	333,372	304,549	28,823
Legal	93,000	93,000	82,848	10,152
Information technology	89,383	89,383	84,746	4,637
Buildings and grounds	136,722	136,722	123,117	13,605
Community development	248,527	350,636	352,693	(2,057)
Total general government	<u>1,388,155</u>	<u>1,388,155</u>	<u>1,317,342</u>	<u>70,813</u>
Public safety				
Police department	1,679,203	1,679,203	1,645,436	33,767
Community services	34,429	34,429	27,734	6,695
Fire department	407,769	420,900	449,476	(28,576)
Civil defense	3,000	3,000	1,261	1,739
Building inspections	88,500	88,500	96,716	(8,216)
Total public safety	<u>2,212,901</u>	<u>2,226,032</u>	<u>2,220,623</u>	<u>5,409</u>
Streets and highways				
Engineering	368,680	368,680	272,447	96,233
Street maintenance	733,617	733,617	626,560	107,057
Snow removal	181,223	181,223	231,897	(50,674)
Surface water management	-	-	153	(153)
Street lighting	101,600	101,600	94,738	6,862
Traffic signs	42,978	42,978	40,057	2,921
Total streets and highways	<u>1,428,098</u>	<u>1,428,098</u>	<u>1,265,852</u>	<u>162,246</u>
Sanitation				
Street Cleaning	49,370	49,370	43,942	5,428
Cultural and recreation				
Recreation	100,000	100,000	100,000	-
Park maintenance	495,670	495,670	483,847	11,823
Library	63,000	63,000	44,075	18,925
Total culture and recreation	<u>658,670</u>	<u>658,670</u>	<u>627,922</u>	<u>30,748</u>

The notes to the financial statements are an integral part of this statement.

CITY OF WASECA, MINNESOTA**GENERAL FUND****STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES****BUDGET AND ACTUAL (CONTINUED)**

FOR THE YEAR ENDED DECEMBER 31, 2014

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
Other				
Other services	194,022	194,022	168,451	25,571
Total expenditures	5,931,216	5,944,347	5,644,132	300,215
Excess of revenues over expenditures	743,904	743,904	1,138,774	394,870
OTHER FINANCING SOURCES (USES)				
Transfers in	571,718	571,718	617,616	45,898
Transfers out	(1,349,122)	(1,349,122)	(1,627,519)	(278,397)
Total other financing sources (uses)	(777,404)	(777,404)	(1,009,903)	(232,499)
Net change in fund balances	(33,500)	(33,500)	128,871	162,371
Fund balances - beginning	3,046,023	3,046,023	3,046,023	-
Prior period adjustment	-	-	75,500	75,500
Fund balances - beginning - restated	3,046,023	3,046,023	3,121,523	75,500
Fund balances - ending	<u>\$ 3,012,523</u>	<u>\$ 3,012,523</u>	<u>\$ 3,250,394</u>	<u>\$ 237,871</u>

The notes to the financial statements are an integral part of this statement.

CITY OF WASECA, MINNESOTA
PROPRIETARY FUNDS
STATEMENT OF NET POSITION
December 31, 2014

	Business-type Activities-Enterprise Funds					Governmental Activities-Internal Service Funds
	Water Fund	Sanitary Sewer Fund	Electric	Surface Water	Totals	
ASSETS						
Current assets:						
Cash and Investments	\$ 1,172,408	\$ 4,025,783	\$ 2,018,099	\$ 18,747	\$ 7,235,037	\$ 239,637
Restricted cash and cash equivalents:						
Customer Deposits	-	-	203,523	-	203,523	-
Accounts receivable	154,343	304,068	1,075,694	15,857	1,549,962	-
Utility receivable	7,689	5,126	-	-	12,815	-
Assessments receivable	16,446	16,511	-	-	32,957	-
Due from other governments	2,279	-	842	11,545	14,666	-
Inventories	-	-	294,605	-	294,605	-
Total current assets	<u>1,353,165</u>	<u>4,351,488</u>	<u>3,592,763</u>	<u>46,149</u>	<u>9,343,565</u>	<u>239,637</u>
Noncurrent assets:						
Capital assets:						
Land	10,585	28,500	88,130	130,250	257,465	-
Buildings	197,154	15,329,037	477,225	-	16,003,416	-
Improvements	10,883,405	13,753,628	9,845,371	1,552,889	36,035,293	-
Construction in progress	645,800	377,995	125,073	-	1,148,868	-
Machinery and equipment	664,669	5,105,301	1,602,079	38,300	7,410,349	-
Infrastructure	-	-	-	4,283,126	4,283,126	-
Less accumulated depreciation	(6,805,762)	(11,637,935)	(7,610,877)	(3,414,621)	(29,469,195)	-
Total capital assets (net of accumulated depreciation)	<u>5,595,851</u>	<u>22,956,526</u>	<u>4,527,001</u>	<u>2,589,944</u>	<u>35,669,322</u>	<u>-</u>
Other assets:						
Service territory (net of amortization)	-	-	76,714	-	76,714	-
Total noncurrent assets	<u>5,595,851</u>	<u>22,956,526</u>	<u>4,603,715</u>	<u>2,589,944</u>	<u>35,746,036</u>	<u>-</u>
Total assets	<u>\$ 6,949,016</u>	<u>\$ 27,308,014</u>	<u>\$ 8,196,478</u>	<u>\$ 2,636,093</u>	<u>\$ 45,089,601</u>	<u>\$ 239,637</u>
LIABILITIES						
Current liabilities:						
Accounts payable	\$ 105,579	\$ 103,188	\$ 420,041	\$ 5,584	\$ 634,392	\$ 61,583
Due to other governments	8,266	79	45,832	-	54,177	55
Accrued wages payable	5,672	9,934	9,613	572	25,791	1,510
Accrued interest payable	3,080	97,041	-	-	100,121	-
Customer deposits payable	-	-	203,523	-	203,523	-
Revenue notes payable	-	410,000	-	-	410,000	-
Revenue bonds payable	210,000	1,120,000	-	-	1,330,000	-
Compensated absences payable	11,746	17,675	17,723	1,150	48,294	-
Unearned revenue - utility	7,689	5,126	-	-	12,815	-
Total current liabilities	<u>352,032</u>	<u>1,763,043</u>	<u>696,732</u>	<u>7,306</u>	<u>2,819,113</u>	<u>63,148</u>
Noncurrent liabilities:						
Revenue notes payable	-	7,006,000	-	-	7,006,000	-
Revenue bonds payable	268,737	1,062,848	-	-	1,331,585	-
Compensated absences payable	12,910	14,669	18,731	1,615	47,925	-
Other post-employment benefits payable	11,253	34,478	35,658	400	81,789	-
Total noncurrent liabilities	<u>292,900</u>	<u>8,117,995</u>	<u>54,389</u>	<u>2,015</u>	<u>8,467,299</u>	<u>-</u>
Total liabilities	<u>644,932</u>	<u>9,881,038</u>	<u>751,121</u>	<u>9,321</u>	<u>11,286,412</u>	<u>63,148</u>
NET POSITION						
Net investment in capital assets	5,117,114	13,357,678	4,527,001	2,589,944	25,591,737	-
Unrestricted	1,186,970	4,069,298	2,918,356	36,828	8,211,452	176,489
Total net position	<u>\$ 6,304,084</u>	<u>\$ 17,426,976</u>	<u>\$ 7,445,357</u>	<u>\$ 2,626,772</u>	<u>33,803,189</u>	<u>\$ 176,489</u>
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds.					(106,128)	
Net position of business-type activities					<u>\$ 33,697,061</u>	

The notes to the financial statements are an integral part of this statement.

CITY OF WASECA, MINNESOTA
PROPRIETARY FUNDS
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
FOR THE YEAR ENDED DECEMBER 31, 2014

	Business-type Activities-Enterprise Funds					Governmental Activities-Internal Service Funds
	Water Fund	Sanitary Sewer Fund	Electric	Surface Water	Totals	
Operating revenues:						
Charges for services	\$ 1,114,557	\$ 1,961,152	\$ 6,713,434	\$ 106,104	\$ 9,895,247	\$ 458,985
Insurance reimbursement	-	-	-	-	-	28,231
Miscellaneous	9,787	4,165	35,180	2,999	52,131	-
Total operating revenues	<u>1,124,344</u>	<u>1,965,317</u>	<u>6,748,614</u>	<u>109,103</u>	<u>9,947,378</u>	<u>487,216</u>
Operating expenses:						
Power purchased	99,744	-	4,815,021	-	4,914,765	-
Personnel services	312,137	504,495	550,896	73,356	1,440,884	110,686
Supplies	134,673	205,159	93,381	4,732	437,945	129,414
Services and charges	139,536	459,274	152,510	37,978	789,298	3,998
Depreciation	360,598	1,080,916	343,692	107,483	1,892,689	-
Insurance payment	-	-	-	-	-	93,110
Insurance premium	-	-	-	-	-	224,151
Total operating expenses	<u>1,046,688</u>	<u>2,249,844</u>	<u>5,955,500</u>	<u>223,549</u>	<u>9,475,581</u>	<u>561,359</u>
Operating income	<u>77,656</u>	<u>(284,527)</u>	<u>793,114</u>	<u>(114,446)</u>	<u>471,797</u>	<u>(74,143)</u>
Nonoperating revenues (expenses):						
Operating grant	570	-	210	2,886	3,666	-
Federal grant	1,709	-	631	8,659	10,999	-
Loss on disposal of capital assets	-	(17,383)	(1,098)	-	(18,481)	-
Gain on disposal of capital assets	-	-	11,455	-	11,455	-
Interest income	9,790	26,006	13,583	145	49,524	1,630
Interest expense	(7,511)	(258,327)	(211)	-	(266,049)	-
Bond issue costs	(1,114)	(18,835)	-	-	(19,949)	-
Agent fee	(533)	(823)	-	-	(1,356)	-
Amortization expense	(473)	(1,219)	(32,643)	-	(34,335)	-
Total nonoperating revenues (expenses)	<u>2,438</u>	<u>(270,581)</u>	<u>(8,073)</u>	<u>11,690</u>	<u>(264,526)</u>	<u>1,630</u>
Income before contributions and transfers	80,094	(555,108)	785,041	(102,756)	207,271	(72,513)
Capital contributions	26,500	-	-	2,697,428	2,723,928	-
Transfers						
Transfers in	-	181,290	-	38,500	219,790	-
Transfers out	(68,250)	(136,668)	(428,000)	(6,400)	(639,318)	-
Change in net position	<u>38,344</u>	<u>(510,486)</u>	<u>357,041</u>	<u>2,626,772</u>	<u>2,511,671</u>	<u>(72,513)</u>
Net position - beginning	6,265,740	17,937,462	7,088,316	-	-	249,002
Net position - ending	<u>\$ 6,304,084</u>	<u>\$ 17,426,976</u>	<u>\$ 7,445,357</u>	<u>\$ 2,626,772</u>	<u>\$ -</u>	<u>\$ 176,489</u>
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds.					(9,217)	
Change in Net position of business-type activities					<u>\$ 2,502,454</u>	

The notes to the financial statements are an integral part of this statement.

CITY OF WASECA, MINNESOTA
PROPRIETARY FUNDS
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2014

	Business-type Activities-Enterprise Funds					Governmental Activities-Internal Service Funds
	Water Fund	Sanitary Sewer Fund	Electric	Surface Water	Tqtals	
CASH FLOWS FROM OPERATING ACTIVITIES						
Cash received from customers	\$ 1,140,672	\$ 1,981,560	\$ 6,789,716	\$ 93,246	\$ 10,005,194	\$ -
Cash received from other funds and reimbursements	-	-	-	-	-	487,216
Cash payments to suppliers	(275,069)	(585,969)	(5,081,713)	(37,126)	(5,979,877)	-
Cash payments to employees	(306,014)	(495,446)	(552,734)	(69,619)	(1,423,813)	(110,954)
Cash payments for interfund services used	-	-	-	-	-	(395,827)
Net cash provided (used) by operating activities	<u>559,589</u>	<u>900,145</u>	<u>1,155,269</u>	<u>(13,499)</u>	<u>2,601,504</u>	<u>(19,565)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES						
Transfers from other funds	-	181,290	-	38,500	219,790	-
Transfers to other funds	(68,250)	(136,668)	(428,000)	(6,400)	(639,318)	-
Net cash provided (used) by noncapital financing activities	<u>(68,250)</u>	<u>44,622</u>	<u>(428,000)</u>	<u>32,100</u>	<u>(419,528)</u>	<u>-</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES						
Proceeds from refunding bonds issued (net)	48,991	827,946	-	-	876,937	-
Principal paid on bonds	(155,000)	(265,000)	-	-	(420,000)	-
Principal paid on notes	-	(399,000)	-	-	(399,000)	-
Acquisition of capital assets	(888,055)	(868,650)	(468,002)	-	(2,224,707)	-
Proceeds from disposal of fixed assets	-	-	11,455	-	11,455	-
Agent fee	(533)	(823)	-	-	(1,356)	-
Interest expense	(8,475)	(265,428)	(211)	-	(274,114)	-
Net cash used by capital and related financing activities	<u>(1,003,072)</u>	<u>(970,955)</u>	<u>(456,758)</u>	<u>-</u>	<u>(2,430,785)</u>	<u>-</u>
CASH FLOWS FROM INVESTING ACTIVITIES						
Interest on investments	9,790	26,009	13,580	146	49,525	1,630
Net increase (decrease) in cash and cash equivalents	(501,943)	(179)	284,091	18,747	(199,284)	(17,935)
Cash and cash equivalents, January 1	1,674,351	4,025,962	1,734,008	-	7,434,321	257,572
Cash and cash equivalents, December 31	<u>\$ 1,172,408</u>	<u>\$ 4,025,783</u>	<u>\$ 2,018,099</u>	<u>\$ 18,747</u>	<u>\$ 7,235,037</u>	<u>\$ 239,637</u>
Reconciliation of operating income to net cash provided (used) by operating activities:						
Operating income (loss)	\$ 77,656	\$ (284,527)	\$ 793,114	\$ (114,446)	\$ 471,797	\$ (74,143)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities						
Depreciation	360,598	1,080,916	343,692	107,483	1,892,689	-
Change in assets and liabilities						
(Increase) decrease in accounts receivable	(750)	1,226	41,102	(15,857)	25,721	-
Decrease in assessment receivable	17,078	15,017	-	-	32,095	-
Increase in inventory	-	-	(12,789)	-	(12,789)	-
Increase (decrease) in accounts payable	90,618	78,385	(53,844)	5,584	120,743	54,791
Increase (decrease) in due to other governments	8,266	79	45,832	-	54,177	55
Increase in accrued wages payable	906	1,877	(260)	572	3,095	(268)
Increase (decrease) in compensated absences payable	3,171	1,874	(6,282)	2,765	1,528	-
Increase in OPEB payable	2,046	5,298	4,704	400	12,448	-
Total adjustments	<u>481,933</u>	<u>1,184,672</u>	<u>362,155</u>	<u>100,947</u>	<u>2,129,707</u>	<u>54,578</u>
Net cash provided (used) by operating activities	<u>\$ 559,589</u>	<u>\$ 900,145</u>	<u>\$ 1,155,269</u>	<u>\$ (13,499)</u>	<u>\$ 2,601,504</u>	<u>\$ (19,565)</u>
Noncash investing, capital, and financing activities:						
Amortization of bond discount	\$ 473	\$ 1,219	\$ -	\$ -	\$ 1,692	\$ -
Amortization of service territory	-	-	32,643	-	32,643	-
Change in capital items acquired on account	6,342	-	-	-	6,342	-
Book value of assets sold or deleted	-	(17,384)	(1,098)	-	(18,482)	-
Capital asset contributions	26,500	-	-	2,697,428	2,723,928	-

The notes to the financial statements are an integral part of this statement.

CITY OF WASECA
NOTES TO FINANCIAL STATEMENTS
December 31, 2014

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the City of Waseca have been prepared in accordance with Generally Accepted Accounting Principles (GAAP) in the United States of America. GAAP statements include all relevant Governmental Accounting Standards Board (GASB) pronouncements. The GASB is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The most significant of the City's policies are described below.

A. Description of government-wide financial statements

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all of the nonfiduciary activities of the primary government and its component units. Governmental activities, which normally are supported by taxes, intergovernmental revenues, and other nonexchange transactions, are reported separately from business-type activities, which rely to a significant extent on fees and charges to external customers for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

B. Reporting Entity

The City of Waseca, incorporated in 1868 and under Article XII, Section 4, of the Minnesota Constitution, is chartered as a Home Rule City. The Charter established a Mayor-Council form of government. The governing body consists of six elected council members and a mayor. The City Manager administers policies and coordinates the activities of the City. The heads of the various departments, formed to provide various services, are under the direct supervision of the City Manager. The City has considered all potential units for which it is financially accountable, and other organizations for which the nature and significance of their relationship with the City are such that exclusion would cause the City's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board (GASB) has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body, and (1) the ability of the primary government to impose its will on that organization or (2) the potential for the organization to provide specific benefits to, or impose specific financial burdens on the primary government.

The accompanying financial statements present the City and its component units (The Economic Development Authority of the City of Waseca and the Housing and Redevelopment Authority of the City of Waseca), entities for which the government is considered financially accountable. The discretely presented component units are reported in separate columns in the basic financial statements to emphasize that they are legally separate from the government. The discretely presented component units have a December 31 year-end.

Individual Component Unit Disclosures

Discretely Presented Component Unit – The Economic Development Authority of the City of Waseca is governed by five members who are appointed by the Waseca City Council. The City is considered financially accountable for The Economic Development Authority because the City can impose its will and because financial assistance is made by the City. The Economic Development Authority of the City of Waseca is comprised of one fund, the General fund. Financial information for the Economic Development Authority is provided in the City's comprehensive annual financial report. The Economic Development Authority does not issue separate financial statements.

Discretely Presented Component Unit – The Housing and Redevelopment Authority of the City of Waseca is governed by five members who are appointed by the Waseca City Council. The City is considered financially accountable for The Housing and Redevelopment Authority because the City can impose its will. The Housing and Redevelopment Authority of the City of Waseca is comprised of one fund, the Public Housing fund. Financial information for the Housing and Redevelopment Authority is provided in the City's comprehensive annual financial report. The Housing and Redevelopment authority issues separate statements which can be obtained by contacting Vicki Green, Executive Director, Waseca Housing and Redevelopment Authority, 308 Second Ave, NW, Waseca, MN 56093.

C. Basis of presentation - government-wide financial statements

While separate government-wide and fund financial statements are presented, they are interrelated. The governmental activities column incorporates data from governmental funds and internal service funds, while business-type activities incorporate data from the government's enterprise funds. Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements.

As discussed earlier, the government has two discretely presented component units. While the Economic Development Authority and Housing and Redevelopment Authority are considered to be major component units, they are nevertheless shown in a separate column in the government-wide financial statements.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments in lieu of taxes where the amounts are reasonably equivalent in value to the interfund services provided and other charges between the government's water and transit functions and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

D. Basis of presentation - fund financial statements

The fund financial statements provide information about the government's funds, including its fiduciary funds and blended component units. Separate statements for each fund category—governmental, proprietary, and fiduciary—are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as nonmajor funds. Major individual governmental and enterprise funds are reported as separate columns in the fund financial statements.

Major governmental funds - The City reports the following major governmental funds:

General Fund

This is the City's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund. Most of the current day-to-day operations of the governmental units are financed from this fund.

Capital Improvement Fund

This accounts for the construction and/or maintenance of the City's infrastructure, including streets, park enhancements, sidewalks, public buildings and facilities, etc.

Special Assessment Capital Project Fund

This fund was established to account for the acquisition of capital facilities and construction of major permanent capital improvements having a relatively long life that are funded through assessments to the benefitting property owners.

Public Safety Building Fund

This Capital Project fund is used to track revenues and expenses related to renovations of the City's new Public Safety Building.

Major proprietary funds - The City reports the following major proprietary funds:

Water Fund

This accounts for the water service charges, which are used to finance the water system operating expenses.

Sanitary Sewer Fund

This accounts for the sanitary sewer service charges, which are used to finance the sanitary sewer system operating expenses.

Electric Fund

This accounts for the electric service charges, which are used to finance the electric system operating expenses.

Surface Water Fund

This accounts for the surface water utility charges, which are used to finance the surface water utility system operating expenses.

Additionally, the City reports the following fund type:

Internal Service funds account for services and/or commodities provided to other departments of the City on a cost reimbursement basis. The City has three Internal Service funds. The Property and Liability Insurance fund provides for risk management activities for property and liability insurance. The Workers Compensation Insurance fund provides for risk management activities for workers compensation insurance. The Central Garage fund accounts for all activity of the servicing of City vehicles and equipment.

During the course of operations the government has activity between funds for various purposes. Any residual balances outstanding at year end are reported as due from/to other funds and advances to/from other funds. While these balances are reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Balances between the funds included in governmental activities (i.e., the governmental and internal service funds) are eliminated so that only the net amount is included as internal balances in the governmental activities column. Similarly, balances between the funds included in business-type activities (i.e., the enterprise funds) are eliminated so that only the net amount is included as internal balances in the business-type activities column.

Further, certain activity occurs during the year involving transfers of resources between funds. In fund financial statements these amounts are reported at gross amounts as transfers in/out. While reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Transfers between the funds included in governmental activities are eliminated so that only the net amount is included as transfers in the governmental activities column. Similarly, balances between the funds included in business-type activities are eliminated so that only the net amount is included as transfers in the business-type activities column.

E. Measurement Focus and basis of accounting

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as current financial resources or economic resources. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred regardless of the timing of the related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. Internal service fund activity is eliminated to avoid “doubling up” of revenues and expenses, however interfund services provided and used are not eliminated in the process of consolidation.

The governmental fund financial statements are reported using the current financial resources management focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 60 days after year end. Expenditures are recorded when the related fund liability is incurred. However, debt service expenditures, as well as expenditures related to compensated absences, other postemployment benefits, and claims and judgments, are recorded only when payments are due.

Property taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Entitlements are recorded as revenues when all eligibility requirements are met, including any time requirements, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year end). Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year end). All other revenue items are considered to be measurable and available only when cash is received by the government.

The proprietary funds are reported using the economic resources measurement focus and the accrual basis of accounting.

Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the City.

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the year in which the resources are measurable and become available.

Non-exchange transactions, in which the City receives value without directly giving equal value in return, include property taxes, grants, entitlement and donations. On an accrual basis, revenue from property taxes is recognized in the year for which the tax is levied. Revenue from grants, entitlements and donations is recognized in the year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the year when use is first permitted, matching requirements, in which the City must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the City on a reimbursement basis. On a modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

Unearned revenue arises when assets are recognized before revenue recognition criteria have been satisfied. Grants and entitlements received before eligibility requirements are met are also recorded as unearned revenue.

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Enterprise funds are used to account for those operations that are financed and operated in a manner similar to private business or where the Council has decided that the determination of revenues earned, costs incurred and/or net income is necessary for management accountability.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges between the City's Enterprise funds and various other functions of government. Eliminations of these charges would distort the direct costs and program revenues reported for the various functions concerned.

If both restricted and unrestricted resources are available to use for the same purpose, it is the City's policy to use restricted resources first, and then unrestricted resources as they are needed.

F. Assets, Liabilities, deferred inflows of resources and net position/fund balance

1. Cash and cash equivalents

Cash balances from all funds are pooled and invested to the extent available in certificates of deposit as authorized by resolution of the City Council. Earnings from investments are allocated monthly to each fund based on month end balances of cash and investments. Investments for the City, as well as for its component units, are reported at fair value.

For purposes of the statement of cash flows, the Enterprise and Internal Service funds consider cash on hand, demand deposits, and short-term investments with original maturities of three months or less when purchased to be cash and cash equivalents.

2. Property Taxes

The Council annually adopts a tax levy and certifies it to the County in December for collection the following year. The County is responsible for collecting all property taxes for the City. These taxes attach an enforceable lien on taxable property within the City on January 1 and are payable by the property owners in two installments in May and October. The taxes are collected by the County Treasurer and tax settlements are made to the City during January, June and November each year.

Delinquent taxes receivable include the past six years' uncollected taxes. Delinquent taxes have been offset by a deferred inflow of resources for delinquent taxes not received within 60 days after year-end in the fund financial statements.

3. Special Assessments

Special assessments represent the financing for public improvements paid for by benefiting property owners. These assessments are recorded as receivables upon certification to the County. Special assessments are recognized as revenue when they are received in cash or within 60 days after year-end. All governmental special assessments receivable are offset by a deferred inflow of resources in the fund financial statements.

4. Interfund Receivables and Payables

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. Short-term interfund loans are classified as “due to/from other funds”. All short-term interfund receivables and payables at year-end are planned to be eliminated in the subsequent year. Long-term interfund loans are classified as “advances to/from other funds”. Any residual balances outstanding between governmental activities and business-type activities are reported in the government-wide financial statements as “internal balances”.

Advances between funds, as reported in the fund financial statements, are offset by a nonspendable fund balance account in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources.

5. Accounts Receivables – Utilities

The utilities provide an allowance for bad debts using the allowance method, based on management’s judgment. Services are sold on an unsecured basis. Payment is generally required within 15 days of the date of billing. Accounts past due are individually analyzed for collectability. The amount of uncollectible accounts is not considered significant.

6. Inventories and Prepaid Items

Inventories are valued at cost using the first-in/first-out (FIFO) method. The cost of inventories is recorded as an expenditure/expense when consumed rather than when purchased.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both governmental-wide and fund financial statements. Prepaid items are reported using the consumption method and recorded as expenditures/expenses at the time of consumption.

7. Land held for resale

Land held for resale is valued at cost which approximates fair value except for parcels which are in the process of being sold, which are valued at the preliminary sales price.

8. Restricted Assets

Customer Deposits – The City of Waseca electric utility collects a deposit fee from residential, rental and commercial customers upon application for utility service. This deposit is a safeguard against higher risk delinquent accounts, and is returned to the customer upon cancellation of service by the customer or maintenance of adequate credit history for a one-year period. These deposits are restricted to the extent of the customer deposits payable.

Cash with fiscal agent - The City of Waseca issued crossover refunding bonds in 2014 which are described in further detail in note III-G-7. As part of this refunding issue, cash is being held in escrow for defeasance of existing debt.

9. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g. roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Infrastructure assets acquired prior to the implementation of GASB 34 have been reported. Capital assets are defined by the City as assets with an initial cost of more than \$5,000 and an estimated useful life in excess of two years. Capital assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value as of the date of the donation.

The costs of normal maintenance and repairs that do not add to the value or capacity of the asset or materially extend asset lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities, if material, is included as part of the capitalized value of the assets constructed.

Depreciation on exhaustible assets is recorded as an allocated expense in the Statement of Activities with accumulated depreciation reflected in the Statement of Net Position. Depreciation of property, plant, and equipment is provided on the straight line basis over the following estimated useful lives:

Buildings	20-50 years
Improvements Other than Buildings	5-50 years
Water Distribution System	30-50 years
Sewer Collection System	30-50 years
Electric Distribution System	20-50 years
Machinery and Equipment	4-20 years
Infrastructure	30-50 years

10. Compensated Absences

It is the City's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. All vacation pay and the portion of sick pay allowable as severance pay is accrued when incurred in the government-wide and proprietary fund financial statements. The current portion for these amounts is calculated based on historical trends. The General fund is typically used to liquidate governmental compensated absences payable.

11. Long-Term Obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as an expense in the period incurred.

In the fund financial statements, governmental funds recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources, while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

12. Deferred Inflows of Resources

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The government has only one type of item, which arises only under a modified accrual basis of accounting, that qualifies for reporting in this category. Accordingly, the item, unavailable revenue, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from two sources: property taxes and special assessments. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

13. Fund Equity

In the financial statements, fund balance is divided into five classifications based primarily on the extent to which the City is bound to observe constraints imposed upon the use of resources reported in the governmental funds. These classifications are defined as follows:

Nonspendable Fund Balance - Amounts that cannot be spent because they are either (a) not in a spendable form, or (b), legally or contractually required to be maintained intact.

Restricted Fund Balance - Amounts that are subject to externally enforceable legal restrictions from (a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments, or (b), imposed by law through constitutional provisions or enabling legislation.

Committed Fund Balance - Amounts whose use is constrained by limitation that the government imposes upon itself by formal action (resolution) of the City Council (the City's highest level of decision-making authority). Committed amounts cannot be used for any other purpose unless the Council modifies or rescinds the commitment by resolution.

Assigned Fund Balance - Intended use of resources as established by City Council itself, or established by the City Manager as delegated by the City Council.

Unassigned Fund Balance - The residual classification for the General fund and also negative residual amounts in other funds.

The City considers restricted amounts to be spent first when both restricted and unrestricted fund balance is available. Additionally, the City would first use committed, then assigned, and lastly unassigned amounts of unrestricted fund balance when expenditures are made.

14. Net Position

Net position represents the difference between assets and liabilities and deferred inflows of resources. Net position is displayed in three components:

- a. Net investment in capital assets - Consists of capital assets, net of accumulated depreciation reduced by any outstanding debt attributable to acquire capital assets.
- b. Restricted net position - Consist of net position restricted when there are limitations imposed on their use through external restrictions imposed by creditors, grantors, laws or regulations of other governments.
- c. Unrestricted net position - All other net position that do not meet the definition of "restricted" or "net investment in capital assets".

Net position flow assumption

Sometimes the government will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted – net position and unrestricted – net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied.

It is the government's policy to consider restricted – net position to have been depleted before unrestricted – net position is applied.

15. Use of Estimates

The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates that affect the amounts reported in the financial statements during the reporting period. Actual results could differ from such estimates.

G. Revenues and expenditures/expenses

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues and expenses of the City's Enterprise funds and Internal Service funds are charges to customers for sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non- operating revenues and expenses.

II. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

The following is an explanation of certain differences between the governmental fund balance sheet and the government-wide statement of net position:

The governmental fund balance sheet includes a reconciliation between the fund balance in the governmental funds and net position in the governmental activities as reported in the government-wide statement of net position. Some of the elements of the reconciliation include:

Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds. The details of this difference are as follows:

Bonds	\$ (8,115,000)
Compensated absences payable	(270,376)
Total difference	<u>\$ (8,385,376)</u>
Bond premiums	\$ (242,100)
Bond discounts	8,724
Total difference	<u>\$ (233,376)</u>

Deferred inflows of resources related to delinquent property taxes and special assessments loans are not available to pay for current period expenditures and, therefore, are deferred in the governmental funds.

Unavailable Revenue - Special assessments	\$ 693,920
Unavailable Revenue - Delinquent taxes	76,942
	<u>\$ 770,862</u>

III. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. Budgetary Information

Annual budgets are adopted on a basis consistent with generally accepted accounting principles. Annual appropriated budgets are adopted for the General and the following Special Revenue funds: Clear Lake Press, Revolving Loan, 2012 SCDP Grant, Tax Increment Financing (TIF) funds, Airport fund, Waseca Water Park fund, Waseca Housing fund, Historical Preservation fund, Police Reserve fund, Police Forfeiture fund, Safe Haven Grant fund, and Fire Relief fund. A budget is also adopted for the following Capital Project funds: Municipal State Aid Construction, Municipal State Aid Maintenance, Capital Improvement fund, Library Remodel, Highway 14 Reconstruction, Special Assessment fund, Equipment Replacement and Annexation and Growth. Any modifications in the adopted budget can be made upon request of and approval by the City Council. All annual appropriations lapse at fiscal year-end. Defined project financial plans are adopted on a 5-year capital improvement plan.

On or before mid-July each year, all agencies of the City submit requests for appropriations to the City Manager so that a budget may be prepared. The budget is prepared by fund, function and department and includes information on the preceding two fiscal years, current year estimates of expenditures, budget and requested, recommended and adopted appropriations for the next fiscal year.

The proposed budget is presented to City Council with preliminary approval as required in September. The City Council holds public hearings and may add to, subtract from, or change appropriations, but may not change the form of the budget. Any changes in the budget must be within the revenues as estimated by the City Manager. The City Council must adopt the annual budget by December 28th of each year.

The City's budgets may be amended or modified at any time by the City Council. The legal level of budgetary control (i.e., the level at which expenditures may not legally exceed appropriations) is the department level. Management cannot amend the adopted budget, but must request the City Council to transfer funds between funds or departments or adopt supplemental appropriations when the need arises. Adjustments made to the 2014 budget General fund budget included reallocating \$102,109 from the Administration department personnel costs to the Community Development personnel line item. Fire department expenses were increased by \$13,131 for the purchase of dress uniforms which was offset by an increase in contribution and donation revenue for the same amount.

B. Excess of Expenditures Over Appropriations

The funds listed below had excess expenditures over appropriations in the following amounts:

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
Special Revenue Funds			
TIF Funds	\$ 94,641	\$ 94,841	\$ 200
Revolving Loan Fund	-	595	595
Fire Relief Fund	60,278	81,626	21,348
Police Reserve Fund	5,020	7,756	2,736
Police Forfeiture Fund	12,000	19,394	7,394
Capital Project Funds			
Equipment Replacement Fund	455,000	500,469	45,469

The TIF Funds were established to account for Tax Increment financing district revenues and expenses. The excess expenditures over appropriations in 2014 related to unbudgeted administrative expenses related to filing of the Annual TIF reports with the State of Minnesota Auditor.

The Revolving Loan Fund was established to account for relending of repaid loan obligations. No expenditures were budgeted here in 2014 but a small amount was spent for administration.

The Fire Relief Fund was established to administer property taxes and State Aid for the Association. The amount of State Aid received was more than budgeted. The State Aid received by the City is paid to the Association resulting in expenditures more than budgeted.

The Police Reserve Fund was established to account for revenues and expenditures related to the program. Contribution and reimbursement revenues were also over budget in 2014 which offset the majority of unbudgeted expenditures, the remaining amount was covered by available fund balance.

The Police Forfeiture Fund was established to provide for separate allocation of forfeiture, DUI, and other revenue sources that must be expended in accordance with State statute. In 2014 additional expenditures covered law enforcement resources. Existing fund balance was sufficient to cover these expenses.

The Equipment Replacement Fund was established to fund equipment purchases for governmental activities. Equipment purchases for Streets and Highways and Public Safety exceeded appropriations for 2014 causing a negative budget variance in expenditures.

C. Deficit Fund Equity

The Waseca Water Park fund had deficit fund equity of \$1,248 at year end despite a transfer from the General fund of \$100,000 during 2014 to fund operations. Water park revenues are expected to cover the fund's expenses, however if these future revenues are not sufficient the General fund will be forced to continue covering these costs.

The Tax Increment Financing District #224 Waseca Village and Tax Increment Financing District #227 Fox Meadows had deficit fund balances of \$5,190 and \$7,370, respectively, as of December 31, 2014. Tax Increment payments are expected to cover the expenses, however if these future revenues are not sufficient to cover expenses the government plans to transfer funds from the General fund to cover these costs.

IV. DETAILED NOTES ON ALL FUNDS

A. Cash deposits with financial institutions

Deposits. State Statutes require that all deposits in financial institutions in excess of the \$250,000 insured by the Federal Depository Insurance Corporation (FDIC) be collateralized at 110% by U.S. Government obligations or its agencies and instrumentalities or direct obligations of any state or local government with taxing powers which is rated "A" or better by a national bond rating service. Collateral pledged by the various banks is held in safekeeping departments of banks other than the pledging bank or the Federal Reserve Bank and held in the name of the City. It is required that the City sign authorizations releasing collateral once it is pledged. The City's deposits, including certificates of deposit, were fully insured or collateralized as required by state statutes at December 31, 2014. At year end, the carrying amount of the City's deposits was \$13,932,067 and the bank balance was \$13,963,626. Of the total bank balance, the FDIC covered \$7,355,524. The remainder was covered by collateral with a value of \$15,881,205.

Investments. State statutes and city resolutions authorize the City's investments. The City is authorized by state statutes to invest in U.S. Government obligations and its agencies or instrumentalities, state, or local securities meeting certain rating guidelines, commercial paper, Insured or collateralized certificates of deposit, and certain high-risk mortgage backed securities. The City is authorized by council resolution to invest in U.S. Government obligations and its agencies or instrumentalities, state or local securities meeting certain rating guidelines, commercial paper, and insured or collateralized certificates of deposit in various financial institutions. This policy is the same for all fund types reported herein.

As of December 31, 2014, the City had the following investments that are insured or registered, or securities held by the City or it's agent in the City's name:

Investment Type	Fair Value	Investment Maturities (in years)		
		<1	1-5	6-10
Certificates of deposit	\$ 6,355,524	\$ 713,094	\$ 5,642,430	\$ -
Federal agency notes	607,975	-	607,975	-
Municipal bonds	2,221,230	-	2,023,889	197,341
Total Investments	<u>\$ 9,184,729</u>	<u>\$ 713,094</u>	<u>\$ 8,274,294</u>	<u>\$ 197,341</u>

As of December 31, 2014, the City had the following summary of investments related to the credit risk, par values and fair values of securities:

Investment Type	Credit Risk	Par	Fair Value	% of total Portfolio
Certificates of deposit	N/A	\$ 6,347,149	\$ 6,355,524	69.20%
Federal agency notes	AAA	615,000	607,975	6.62%
Municipal bonds	AAA	2,205,000	2,221,230	24.17%
Total Investments		<u>\$ 9,167,149</u>	<u>\$ 9,184,729</u>	<u>100.00%</u>

The deposits and investments of the City are presented in the financial statements as follows:

Investments	\$ 9,184,729
Savings account	2,250,038
Checking account	5,326,505
Petty cash and change funds	1,300
Restricted cash - funds in escrow	1,394,811
Total cash, cash equivalents, and investments	<u>18,157,383</u>
Cash and Investments - governmental activities	\$ 8,764,526
Restricted cash - funds in escrow - governmental activities	1,394,811
Cash and cash equivalents - business-type activities	7,235,037
Customer deposits - business-type activities	203,523
Cash and cash equivalents - Economic Development Authority	559,486
	<u>\$ 18,157,383</u>

Interest Rate Risk: The City's investment policy states that the City will minimize the risk that the fair value of securities in the portfolio will fall due to changes in general interest rates by structuring the investment portfolio so that the securities mature to meet cash requirements for ongoing operations, thereby avoiding the need to sell securities on the open market prior to maturity and investing operating funds primarily in shorter-term securities, money market mutual funds, or similar investment pools.

Credit Risk: Credit Risk is the risk of loss due to the failure of the security issuer or backer. According to the City's investment policy, credit risk is mitigated by limiting investments to the safest types of securities, pre-qualifying the financial institutions, broker/dealers, intermediaries, and advisors with which the City will do business, and diversifying the investment portfolio so that potential losses on individual securities will be minimized. At year end the City's investment in U.S. Government Agency securities were rated AAA by Moody's Investor Service.

Concentration of credit risk: The concentration of credit risk is the risk of loss that may be caused by the City's investment in a single issuer. The City shall diversify its investments to avoid incurring unreasonable risks inherent in over-investing in specific instruments, individual financial institutions or maturities. Within these parameters, portfolio maturities shall be staggered to avoid undue concentration of assets in a specific maturity sector. In accordance with the City's investment policy, restrictions placed on the City's current investments are as follows:

Investment Securities	Maximum Exposure	Exposure per Issuer	Additional Restrictions
1. Certificates of deposit and bank deposits. (checking and savings)	100%	Unlimited	None
2. Direct Obligations of U.S.	100%	Unlimited	No more than 25% in zero coupon items
3. Obligation issued or guaranteed by Agency of U.S.	100%	Unlimited	
4. Share of Regulated Investment companies invested in 2 & 3 above	100%	100%	None
5. Repurchase or Reverse Repurchase Agreements	20%	10%	90 days maturity or less
6. General Obligations of any State of the US which is a general obligation of any state or local government with taxing powers.	50%	5%	"A" or better by at least on major rating agency
7. Any security which is a revenue obligation of any state or local government with taxing powers.	50%	5%	"AA" or better by at least on major rating agency
8. Local government investment pools	50%	Unlimited	None

B. Receivables

In the government-wide statements, receivables consist of all revenues earned at year-end and not yet received. Major receivable balances for the governmental activities include franchise fees and miscellaneous rental charges. Business-type activities report utility earnings as their major receivables.

Governmental funds report unavailable revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. At the end of the current year, the two components of unavailable revenue reported in the governmental funds were for delinquent taxes receivable not yet available (General, Special Revenue and Debt Service funds) and special assessments not yet available (Debt Service funds).

Loans Receivable: Local businesses have loans with the City for various amounts. These loans will be paid back to the City at various monthly payment with interest at 3.0 percent per annum on all unpaid balances. The balance on these loans at December 31, 2014 is \$34,840. These loans are unsecured. The City also has a deferred loan of \$3,000 that will mature on June 1, 2033 or payable immediately upon the sale or transfer of property for Block 1, Lot 4, EDA Plat No. 1.

The City has also issued loans to renovate and remodel residential and business properties through the Small Cities Loan Grant Program. The balance of these loans at December 31, 2014 is \$1,215,824. These loans are deferred for 10 years, at which time the note is forgiven if the original property owner is still residing at the improved property. The amount of allowance for doubtful accounts for the forgivable portion is \$1,215,824.

C. Capital Assets

Capital asset activity for governmental activities for the year ended December 31, 2014 was as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
Capital assets not being depreciated				
Land	\$ 1,408,694	\$ -	\$ 314,098	\$ 1,094,596
Construction in progress	1,974,326	929,789	1,968,335	935,780
Total capital assets not being depreciated	3,383,020	929,789	2,282,433	2,030,376
Depreciable capital assets:				
Buildings	3,586,125	2,605,843	78,717	6,113,251
Improvements other than buildings	7,663,856	748,750	1,552,888	6,859,718
Equipment	5,635,634	530,793	396,611	5,769,816
Infrastructure	34,759,335	1,040,047	4,283,126	31,516,256
Total depreciable capital assets	51,644,950	4,925,433	6,311,342	50,259,041
Accumulated depreciation				
Buildings	1,842,626	122,833	35,415	1,930,044
Improvements other than buildings	3,180,800	210,670	1,196,545	2,194,925
Equipment	2,916,068	370,584	357,159	2,929,493
Infrastructure	16,827,221	881,063	2,110,592	15,597,692
Total accumulated depreciation	24,766,715	1,585,150	3,699,711	22,652,154
Total capital assets being depreciated, net	26,878,235	3,340,283	2,611,631	27,606,887
Governmental activities capital assets, net	\$ 30,261,255	\$ 4,270,072	\$ 4,894,064	\$ 29,637,263

Depreciation expense for governmental activities is charged to functions as follows:

General Government	\$ 107,152
Public Safety	120,357
Streets and Highways	1,023,155
Culture and Recreation	264,789
Airport	69,697
Total depreciation for governmental activities	<u>\$ 1,585,150</u>

Capital asset activity for business-type activities for the year ended December 31, 2014 was as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
Capital assets not being depreciated				
Land	\$ 127,215	\$ 130,250	\$ -	\$ 257,465
Construction in progress	34,746	1,115,797	1,675	1,148,868
Total capital assets not being depreciated	161,961	1,246,047	1,675	1,406,333
Depreciable capital assets:				
Buildings	15,976,916	26,500	-	16,003,416
Improvements other than buildings	33,928,982	2,242,510	136,199	36,035,293
Equipment	7,112,068	465,607	167,326	7,410,349
Infrastructure	-	4,283,126	-	4,283,126
Total depreciable capital assets	57,017,966	7,017,743	303,525	63,732,184
Accumulated depreciation				
Buildings	2,049,243	512,827	-	2,562,070
Improvements other than buildings	18,170,712	2,180,710	133,455	20,217,967
Equipment	4,334,456	309,746	151,588	4,492,614
Infrastructure	-	2,196,544	-	2,196,544
Total accumulated depreciation	24,554,411	5,199,827	285,043	29,469,195
Total capital assets being depreciated, net	32,463,555	1,817,916	18,482	34,262,989
Business-type activities capital assets, net	\$ 32,625,516	\$ 3,063,963	\$ 20,157	\$ 35,669,322

Depreciation expense for business-type activities is charged to functions as follows:

Water	\$ 360,598
Sewer	1,080,916
Electric	343,692
Surface Water	107,483
Total depreciation for business-type activities	1,892,689
Increase in accumulated depreciation related to transferred Surface Water Utility assets from governmental activities	3,307,138
Total increase in accumulated depreciation, business-type activities	\$ 5,199,827

D. Interfund Balances and Transfers

Interfund receivables and payables represent lending/borrowing arrangements to cover deficit cash balances at the end of the fiscal year until the 2014 revenue flow provides for costs.

The composition of interfund balances as of December 31, 2014 is as follows:

Due to/from other funds:

Receivable Fund	Payable Fund	Amount
General Fund	Nonmajor Governmental Funds	\$ 18,924

The following is a schedule of interfund transfers for the year ended December 31, 2014:

Transfers Out	Transfers In						Total
	General Fund (1-2)	CIP Fund (3-4)	Public Safety Building (5-6)	Non-Major Governmental Funds (7-17)	Sewer Fund (18)	Surface Water Fund (19)	
General Fund	\$ -	\$ 631,976	\$ 52,247	\$ 723,506	\$ 181,290	\$ 38,500	\$ 1,627,519
CIP Fund	39,498	-	98,000	500	-	-	137,998
Non-major governmental funds	-	-	-	215,336	-	-	215,336
Water Fund	27,250	-	-	41,000	-	-	68,250
Sewer Fund	116,468	-	-	20,200	-	-	136,668
Electric Fund	428,000	-	-	-	-	-	428,000
Surface Water Fund	6,400	-	-	-	-	-	6,400
Total	\$ 617,616	\$ 631,976	\$ 150,247	\$ 1,000,542	\$ 181,290	\$ 38,500	\$ 2,620,171

Transfers were used for the following:

- (1) Transfers from Utilities for administrative and overhead costs of the General Fund in the amount of \$27,250, \$116,468, \$143,000 and \$6,400 for the Water, Sewer, Electric, and Surface Water respectively
- (2) Transfer from Electric Fund for franchise fee in the amount of \$285,000
- (3) Transfer of \$431,976 from the General Fund to the CIP Fund to provide funding for street improvements
- (4) Transfer \$200,000 of excess General Fund balance to Capital Improvement for street maintenance
- (5) Transfer \$52,247 from the General fund to the Public Safety Building fund to close the construction fund
- (6) Transfer \$98,000 from the CIP fund to the Public Safety Building fund for budgeted networking costs
- (7) Transfer of \$100,000 from the Clear Lake Press fund to 2014 RLF fund for authorized MIF re-use.
- (8) Transfer \$10,600 from the Revolving Loan Fund to the 2012 SCDP fund for City portion of forgivable DEED loans
- (9) The City's required contribution for the Fire Relief Association of \$14,240 from the General Fund to the Fire Relief Fund
- (10) Transfer of \$100,000 from the General fund to the Water Park for operations
- (11) Transfer of \$44,299, \$41,000, and \$20,200 from the General, Water, and Sewer funds to provide funding for debt service payments related to NW Construction Site
- (12) Transfer \$94,000 from the General Fund to the Library remodel fund for project costs
- (13) Transfer \$85,568 from Central TIF to Debt Service for bond payment
- (14) Transfer of \$469,817 to the Equipment Replacement Fund to provide funding for various equipment in accordance with the City's approved equipment replacement schedule
- (14) Transfer of \$500 from the Capital Improvement fund to MSA Debt Service for fiscal fees
- (15) Transfer of \$19,168 from the Crime Victims fund to the Police forfeiture fund to close the fund.
- (16) Transfer of \$1,150 from the General fund to the Historical preservation fund for bandstand renovation costs in excess of grant funding
- (17) Transfer of \$39,498 from the Capital Improvement fund to the General Fund to commit NW Ag land lease revenue to Parkland Dedication
- (18) Transfer to the Sewer Fund to provide funding for the Public Facilities Authority loan (30% levy funded)
- (19) Transfer of \$38,500 from the General fund to the Surface Water Utility for start up costs

E. Other Assets

Other assets within the Governmental and Enterprise funds for December 31, 2014 are as follows:

In 2006, the City acquired additional service territory in the amount of \$264,740. This additional service territory resulted from negotiations with Xcel Energy, as the City acquired property known as the Pondview of Waseca Subdivision and the Tower Industrial Park Second Addition. This service territory is being amortized over a period of ten years.

In 2009, the City acquired additional service territory in the amount of \$44,087. This additional service territory resulted from negotiations with Xcel Energy, as the City acquired property known as Woods Edge, Nature's Acres and Woodville Meadows. This service territory is being amortized over a period of ten years.

In 2011, the City acquired additional service territory in the amount of \$17,600. This additional service territory resulted from negotiations with Xcel Energy, as the City acquired property known as Fox Meadows and Parkridge. This service territory is being amortized over a period of ten years.

As of December 31, 2014 the unamortized balance of these service territories in the Electric Fund was \$76,714.

F. Short-Term Debt

The schedule below details the changes in short-term capital borrowings during the year ended December 31, 2014 for both governmental and business-type activities:

<i>Governmental Activities</i>	Original Issue	Interest Rate	Beginning Balance	Issues	Redemptions	Ending Balance
Public Safety Building	2014	3.50%	1,591,293	511,354	2,102,647	-

The purpose of the short-time borrowing was to provide resources for capital construction. The form of financing used was bond anticipation notes. The amounts issued for governmental activities are accounted for in the Public Safety Building capital project fund.

State law requires that bond anticipation notes issued for capital purposes be converted to long-term obligations within five years after the original issue date, if not completely repaid. However, bond anticipation notes issued for assessable improvement projects may be renewed for periods equivalent to the maximum life of the permanent financing, provided that stipulated annual reductions of principal are made.

G. Long-Term Debt

1. General Obligation Bonds

General Obligations Bonds are issued to provide financing for the acquisition, improvement, and construction of major capital facilities having a relatively long life. They are payable from taxes levied upon all taxable property in the City and tax abatement revenues from certain parcels of property in the City and are backed by the full faith and credit of the City. Three general obligation bond issues with an original issue amount of \$5,930,000 are currently outstanding as follows:

	Original Amount	Maturities	Rates	Balance at 12/31/2014
General Obligation Refunding Bonds Series 2011A	\$ 430,000	2013-2016	1.06%	\$ 155,000
General Obligation Bonds Series 2014A	4,125,000	2016-2035	3.00 - 3.375%	4,125,000
General Obligation Refunding Bonds Series 2014B	1,375,000	2017-2033	3.00 - 4.00%	1,375,000
Total	\$ 5,930,000			\$ 5,655,000

Annual debt service requirements to maturity for the general obligation bond are as follows:

Year	Governmental Activities	
	Principal	Interest
2015	\$ 75,000	\$ 107,935
2016	245,000	170,425
2017	320,000	162,450
2018	325,000	152,175
2019	335,000	141,650
2020-2024	1,870,000	537,450
2025-2029	1,285,000	280,625
2030-2034	1,055,000	107,722
2035	145,000	2,447
	\$ 5,655,000	\$ 1,662,879

2. General Obligation Tax Increment Financing Bonds

General Obligation Tax Increment Financing Bonds are issued to provide financing for tax increment financing districts. They are payable from tax increments which are calculated to be the difference between the current amounts levied for taxes less the amount which was levied prior to the time of redevelopment and are backed by the full faith and credit of the City. One general obligation tax increment financing bond with an original issue amount of \$1,100,000 is currently outstanding as follows:

	Original Amount	Maturities	Rates	Balance at 12/31/2014
General Obligation Tax Increment Series 2005E	<u>\$ 1,100,000</u>	2005-2026	4.25%	<u>\$ 850,000</u>

Annual debt service requirements to maturity for the general obligation tax increment financing bond are as follows:

Year	Governmental Activities	
	Principal	Interest
2015	\$ 50,000	34,492
2016	50,000	32,492
2017	55,000	30,392
2018	55,000	28,192
2019	60,000	25,893
2020-2024	395,000	84,223
2025-2026	185,000	8,203
	\$ 850,000	\$ 243,887

3. General Obligation State-Aid Street Bonds

General Obligation State-Aid Street Bonds are issued to provide financing for the construction and improvement of various state-aid streets within the City. They are payable from taxes levied upon all taxable property in the City and municipal state-aid highway allotments and are backed by the full faith and credit of the City. One general obligation state-aid street bond with an original issue amount of \$805,000 is currently outstanding as follows:

	Original Amount	Maturities	Rates	Balance at 12/31/2014
General Obligation State Aid Street Bonds Series 2005B	<u>\$ 805,000</u>	2005-2015	3.65%	<u>\$ 80,000</u>

Annual debt service requirements to maturity for the general obligation state-aid street bond are as follows:

Governmental Activities			
Year	Principal		Interest
2015	<u>\$ 80,000</u>	\$	<u>1,520</u>

4. General Obligation Aquatic Center Bonds

General Obligation Aquatic Center Bonds are issued for the construction of a new water park in the City. They are payable from taxes levied upon all taxable property in the City and are backed the full faith and credit of the City. One general obligation aquatic center bond with an original issue amount of \$2,040,000 is currently outstanding as follows:

	Original Amount	Maturities	Rates	Balance at 12/31/2014
General Obligation Aquatic Center Bonds Series 2006A	<u>\$ 2,040,000</u>	2006-2016	4.34%	<u>\$ 1,530,000</u>

Annual debt service requirements to maturity for the general obligation aquatic center bond are as follows:

Governmental Activities			
Year	Principal		Interest
2015	<u>\$ 90,000</u>	\$	<u>63,440</u>
2016	<u>1,440,000</u>		<u>30,798</u>
	<u>\$ 1,530,000</u>	\$	<u>94,238</u>

5. Revenue Bonds

The City also issues bonds where the City pledges income derived from the acquired or constructed assets to pay debt service. These bonds are recorded in the fund according to the purpose for which they were issued. The City has four Revenue Bonds outstanding with original issuances of \$4,205,000.

The revenue bonds currently outstanding are as follows:

	Original Amount	Maturities	Rates	Balance at 12/31/2014
Revenue Refunding Bonds of 2004B	\$ 1,900,000	2004-2016	3.58%	\$ 435,000
Revenue Bonds Series 2005A	1,760,000	2005-2015	4.18%	1,005,000
General Obligation Refunding Bonds Series 2011A	545,000	2013-2017	1.06%	330,000
General Obligation Refunding Bonds Series 2014B	850,000	2015-2026	3.00 - 4.00%	850,000
Total	<u>\$ 4,205,000</u>			<u>\$ 2,620,000</u>

Annual debt service requirements to maturity for the revenue bonds are as follows:

Year	Business-Type Activities	
	Principal	Interest
2015	\$ 1,330,000	\$ 55,791
2016	435,000	34,870
2017	170,000	25,960
2018	70,000	22,700
2019	70,000	19,900
2020-2024	375,000	58,150
2025-2026	170,000	5,100
	<u>\$ 2,620,000</u>	<u>\$ 222,471</u>

6. General Obligation Revenue Note

A General Obligation Revenue note was issued to the Minnesota Public Facilities Authority on July 10, 2009 to finance the cost of improvements to the wastewater treatment system. The note is payable from a special levy and service rate increases, and is backed by the full faith and credit of the City. The special levy is set at 30% of the corresponding year's principal and interest obligation and the remaining 70% is to be paid from revenues of the City's Sewer utility fund. Total funding received from this note was \$9,335,004. This note bears interest at the rate of 2.63%. The General Obligation Revenue Note currently outstanding is as follows:

	Original Amount	Maturities	Rates	Balance at 12/31/2014
General Obligation Wastewater Revenue Note Series 2009A	<u>\$ 9,335,004</u>	2010-2029	3.00%	<u>\$ 7,416,000</u>

Annual debt service requirements to maturity for this note are as follows:

Year	Business-Type Activities	
	Principal	Interest
2014	\$ 410,000	194,818
2015	421,000	184,048
2016	432,000	172,988
2017	443,000	161,639
2019	455,000	150,002
2020-2024	2,457,000	564,490
2025-2029	2,798,000	224,320
	<u>\$ 7,416,000</u>	<u>\$ 1,652,305</u>

7. Change in Long-Term Liabilities

Long-term liability activity for the year ended December 31, 2014 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Due Within One Year
<i>Governmental Activities</i>					
Bonds payable					
General obligation bonds	\$ 295,000	\$ 5,500,000	\$ (140,000)	\$ 5,655,000	\$ 75,000
Plus: bond premium	-	242,100	-	242,100	-
Less: bond discount	(1,593)	-	530	(1,063)	-
GO Tax Increment bonds	900,000	-	(50,000)	850,000	50,000
Less: bond discount	(5,783)	-	475	(5,308)	-
GO State Aid Street bonds	160,000	-	(80,000)	80,000	80,000
Less: bond discount	(1,181)	-	885	(296)	-
GO Aquatic Center bonds	1,615,000	-	(85,000)	1,530,000	90,000
Less: bond discount	(2,227)	-	170	(2,057)	-
Other post-employment benefits	227,640	66,204	(37,096)	256,748	-
Compensated absences	252,963	218,556	(201,143)	270,376	142,410
Long term liabilities	<u>\$ 3,439,819</u>	<u>\$ 6,026,860</u>	<u>\$ (591,179)</u>	<u>\$ 8,875,500</u>	<u>\$ 437,410</u>
<i>Business-type activities</i>					
Bonds payable					
Revenue bonds	\$ 2,190,000	\$ 850,000	\$ (420,000)	\$ 2,620,000	\$ 1,330,000
Plus: bond premium	-	46,886	-	46,886	-
Less: bond discount	(6,993)	-	1,692	(5,301)	-
GO Revenue notes	7,815,000	-	(399,000)	7,416,000	410,000
Other post-employment benefits	69,341	28,311	(15,863)	81,789	-
Compensated absences	94,691	71,803	(70,275)	96,219	48,294
Long term liabilities	<u>\$ 10,162,039</u>	<u>\$ 997,000</u>	<u>\$ (903,446)</u>	<u>\$ 10,255,593</u>	<u>\$ 1,788,294</u>

For the governmental activities, compensated absences and the net other post-employment benefit obligation are generally liquidated by the General fund.

Crossover Refunding

On December 18, 2014, the City issued \$2,225,000 of General Obligation Refunding Bonds, Series 2014B, bearing an average coupon rate of 3.32 percent, to provide current refunding of \$895,000 in principal on the City's 2005A Water and Sewer Revenue Bonds relating to the 2016 to 2026 maturities. Additionally the bonds provided resources for and advance crossover refund on February 1, 2016, of the 2017 through 2027 maturities of the City's General Obligation Aquatic Center Bonds, Series 2006A totalling \$1,345,000 in principal. The portion of the Bonds allocable to the Series 2005A refunding is \$850,000 and the remaining \$1,375,000 relates to the crossover refunding of 2006A. The proceeds of the crossover bond portion were placed into an escrow account pending the call date. The escrow account bears interest rates that will provide sufficient funds to refund the old bonds on February 1, 2016. The old bonds are not considered defeased until the crossover date, and therefore will not be removed as a liability until then. As a result of the refunding, the City will achieve an economic gain of \$111,617.95 (the present value of the difference between the old and the new debt service).

H. Fund Balance Reporting

1. Committed Fund Balance Policy

The City Council, at its discretion, may commit or assign fund balance for a specific purpose to be spent in future years. Balances must meet the following criteria to be reported as committed:

1. Imposed by City Council through council action (resolution)
2. The council action must be binding, unless removed in the same manner
3. The council action must be done prior to December 31st of the current year.

2. Assigned Fund Balance Policy

The City's Assigned Fund Balance is fund balance reporting occurring by City Council authority, or established by the City Manager as delegated by the City Council. The amounts include (a) all remaining amounts (except for negative balances) that are reported in special revenue, capital projects and debt service funds (b) amounts in the general fund that are intended to be used for a specific purpose that is narrower than the general purposes of the City.

3. Order of Fund Balance Spending Policy

To provide the greatest level of flexibility and control over its financial resources, the City will apply restricted revenues first when an expense is incurred for purposes for which both restricted and unrestricted revenues are available. The general fund is the only fund that may report a positive unassigned fund balance but a deficit balance is possible in any other governmental fund.

4. Minimum Fund Balance

At the end of each fiscal year, the City will maintain an Assigned/Unassigned fund balance in the General Fund for working capital in a range equal to 35 - 50% of the subsequent year's General Fund expenditure budget. The Assigned/Unassigned fund balance in the General Fund should not fall below 10 percent of budgeted operating expenditures at any time during the year.

Any planned use of fund balance below the minimum target shall be accompanied by a plan to restore the fund balance to the minimum targeted level.

V. OTHER INFORMATION

A. Risk Management

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City accounts for its risk management activities in internal service funds. Revenue to these funds is derived from premium charges to user departments and other funds of the City. These charges are then available to pay claims, administrative costs, and insurance premiums.

There has been no significant reduction in insurance coverage from the previous year in any of the City's policies. In addition, there have been no settlements in excess of the City's insurance coverage in any of the prior three fiscal years.

The City is a member of the League of Minnesota Cities Insurance Trust (LMCIT) and has currently placed coverage with them for its general liability and personal property claims. Coverage is provided up to a maximum of \$1,000,000. This coverage has a deductible of \$50,000 per occurrence and a general aggregate annual deductible of \$100,000. Management believes that any incidence of liability is remote.

The City participates in the LMCIT for its workers compensation insurance which is administered by Berkley Administrators. This is a retrospectively rated policy with the premium being based primarily on the City's loss experience. The City has experienced very favorable rates for workers compensation by participating in the program.

The City carries commercial insurance for employee health, life and disability. The City contributes approximately 90% of the premiums through the fund from which the employee is compensated. The City has no risk in excess of premiums paid.

B. Library Services/ Joint Venture

The City of Waseca entered into an agreement with the County Commissioners of Waseca and LeSueur Counties on December 11, 1974 under authority provided for in the Minnesota Statutes to establish a regional library service and provide financial support from real estate tax funds.

The property and equipment owned by the City and used by the library system is reflected in the governmental activities capital assets. The agreement is perpetual or until rescinded by the actions of any one of the joint venture parties. In the event of termination, each party shall receive title to any and all assets, which it may have held at the time of the effective date of the agreement. All other assets, including books and library materials, shall be divided among the parties on the basis of each party's respective proportion of the financial support provided. On an annual basis the City provides 26.6% of the financial support provided. Library services are administered under a joint powers board, consisting of nine members (three from each governmental unit selected by the county boards and City Council), each member serving three-year terms. The Library Board determines policies, carries out the fiscal administration, and prepares an annual budget of the regional library system. In summary, this board is administering the library service as a single library system.

Upon review and approval of an annual library budget, each governmental unit contributes funding based on the increase or decrease from the previous year base budget. This budget is approved by the entire library board, and reviewed and approved by the individual governmental units. The financial information for the Waseca LeSueur Regional Library as of and for the year ended December 31, 2013 is presented as follows (2014 financial information was not available at the time of the audit):

Total Revenues	\$ 764,729
Total Expenditures	<u>781,614</u>
Change in Net Position	(16,885)
Net Position, January 1, 2013	<u>733,643</u>
Net Position, December 31, 2013	<u><u>\$ 716,758</u></u>
Total Assets	<u><u>\$ 769,726</u></u>
Total Liabilities	<u><u>\$ 52,968</u></u>

City's Investment in Joint Ventures, December 31, 2013 \$ 190,659

Financial statements of the Waseca LeSueur Regional Library are available for review at 408 North State Street, Waseca, MN 56093.

C. Utility Power Purchase Commitment

As a municipal electric utility the City of Waseca provides electricity to most residential, commercial, and industrial electric users in the City. The City does not generate electricity and therefore purchases its entire electrical requirements on a wholesale basis. To ensure a long-term supply of electricity, the City became a charter member of the Southern Minnesota Municipal Power Agency (SMMPA), a municipal corporation of the State of Minnesota formed under Statutes Chapter 453. SMMPA, a consortium of 18 cities with municipal electric utilities, was formed to provide total electrical power and energy requirements for each member as economically as possible.

In May 1981, SMMPA entered into a power sales agreement with all of its participating members to contract for the long-term purchase of electricity. The agreement set forth the terms and conditions to “all requirements” purchase commencing May 1, 1985, and extending to April 1, 2030.

Contingent Liabilities

In connection with the normal conduct of its affairs, the City is involved in various claims, litigations, and judgments. It is expected that the final settlement of these matters will not materially affect the financial statements of the City.

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor, cannot be determined at this time, although the City expects such amounts, if any, to be immaterial.

The City's tax increment districts are subject to review by the State of Minnesota Office of the State Auditor (OSA). Any disallowed claims or misuse of tax increments could become a liability of the applicable fund. Management has indicated that they are not aware of any instances of noncompliance which would have a material effect on the financial statements.

D. Construction Commitments

The City has several ongoing construction projects. Commitments to contractors for these projects are as follows:

<u>Project</u>	<u>Contractor</u>	<u>Paid to date</u>	<u>Contract remaining</u>
CSAH 13 Reconstruction	Waseca County	\$ 1,252,159	\$ 684,448
2014 Well Rehabilitation	Keys Well Drilling	126,845	84,330
Library Remodel	R.W. Carlstrom	72,628	32,280

E. Pension Plans

Substantially all City employees are members of retirement plans. The following disclosures are made in accordance with requirements of the Governmental Accounting Standards Board:

Public Employees Retirement Association

Cost Sharing Multiple Employer Defined Benefit Pension Plan

Plan Description

All full-time and certain part-time employees of the City of Waseca are covered by defined benefit plans administered by the Public Employees Retirement Association of Minnesota (PERA). PERA administers the General Employees Retirement Fund (GERF), the Public Employees Police and Fire Fund (PEPFF), which are cost-sharing, multiple-employer retirement plans. These plans are established and administered in accordance with Minnesota Statutes, Chapters 353 and 356.

General Employees Retirement Fund members belong to either the Coordinated Plan or the Basic Plan. Coordinated Plan members are covered by Social Security and Basic Plan members are not. All new members must participate in the Coordinated Plan. All police officers, fire-fighters and peace officers who qualify for membership by statute are covered by the PEPFF.

PERA provides retirement benefits as well as disability benefits to members, and benefits to survivors upon death of eligible members. Benefits are established by Minnesota statute, and vest after five years of credited service. Defined retirement benefits are based on a member's highest average salary for the five highest-paid consecutive years of allowable service, age, and years of credit at termination of service.

Two methods are used to compute benefits for PERA's Coordinated and Basic Plan members. The retiring member receives the higher of a step-rate benefit accrual formula (Method 1) or a level accrual formula (Method 2). Under Method 1, the annuity accrual rate for a Basic Plan member is 2.2 percent of average salary for each of the first 10 years of service and 2.7 percent for each year thereafter. The annuity accrual rate for a Coordinated Plan member is 1.2 percent of average salary for each of the first 10 years of service and 1.7 percent for each remaining year. Under Method 2, the annuity accrual rate is 2.7 percent of average salary for Basic Plan members and 1.7 percent for Coordinated Plan members for each year of service. For PEPFF members, the annuity accrual rate is 3.0 percent for each year of service. For all PEPFF members and GERF members hired prior to July 1, 1989 whose annuity is calculated using Method 1, a full annuity is available when age plus years of service equal 90. Normal retirement age is the age for unreduced Social Security benefits capped at 66 for Coordinated members hired on or after July 1, 1989. A reduced retirement annuity is also available to eligible members seeking early retirement.

There are different types of annuities available to members upon retirement. A single-life annuity is a lifetime annuity that ceases upon the death of the retiree -- no survivor annuity is payable. There are also various types of joint and survivor annuity options available which will be payable over joint lives.

Members may also leave their contributions in the fund upon termination of public service in order to qualify for a deferred annuity at retirement age. Refunds of contributions are available at any time to members who leave public service, but before retirement benefits begin.

The benefit provisions stated in the previous paragraphs of this section are current provisions and apply to active plan participants.

PERA issues a publicly available financial report that includes financial statements and required supplementary information for General Employees Retirement Fund and Public Employees Police and Fire Fund. That report may be obtained on the Internet at www.mnpera.org, by writing to PERA at 60 Empire Drive, Suite 200, St. Paul, Minnesota, 55103-2088, or by calling 651-296-7460 or 1-800-652-9026.

Funding Policy

Pension benefits are funded from member and employer contributions and income from investment of fund assets. Rates for employer and employee contributions are set by Minnesota Statute, Chapter 353. These statutes are established and amended by the State Legislature. The City of Waseca makes annual contributions to the pension plans equal to the amount required by state statutes. GERF Coordinated Plan members were required to contribute 6.25 percent, of their annual covered salary. PEPFF members were required to contribute 10.2 percent.

The City of Waseca was required to contribute the following percentages of annual covered payroll in 2014:

GERF	7.25 %
PEPFF	15.30 %

The City of Waseca's contributions for the years ending December 31, 2014, 2013, and 2012, for the General Employees Retirement Fund and the Public Employees Police and Fire Fund were:

	<u>2014</u>	<u>2013</u>	<u>2012</u>
GERF	\$ 177,873	\$ 170,669	\$ 158,139
PEPFF	170,643	151,624	147,473

These contribution amounts are equal to the contractually required contributions for each year as set by Minnesota statute. Contribution rates will increase on January 1, 2015 in the Coordinated Plan (6.5 percent for members and 7.5 percent for employers) and the Police and Fire Fund (1.8 percent for members and 16.2 percent for employers).

Defined Contribution Plan

Six council members of the City of Waseca are covered by the Public Employees Defined Contribution Plan (PEDCP), a multiple-employer deferred compensation plan administered by the Public Employees Retirement Association of Minnesota (PERA). The plan is established and administered in accordance with Minnesota Statutes, Chapter 353D, which may be amended by the State Legislature. The plan is a tax qualified plan under Section 401(a) of the Internal Revenue Code, and all contributions by or on behalf of employees are tax deferred until time of withdrawal.

Plan benefits depend solely on amounts contributed to the plan plus investment earnings, less administrative expenses. For those qualified personnel who elect to participate, Minnesota Statutes Section 353D.03, specifies plan provisions including the employee and employer contribution rates. An eligible elected official who decides to participate contributes 5.0 percent of salary which is matched by the employer. Employees may elect to make member contributions in an amount not to exceed the employer share. Employee and employer contributions are combined and used to purchase shares in one or more of the seven accounts of the Minnesota Supplemental Investment Fund. For administering the plan, PERA receives 2.00 percent of employer contributions and .25 percent of the assets in each member's account annually.

Total contributions by dollar amount and percentage of covered payroll made by the City of Waseca during fiscal year ended December 31, 2014, were:

	<u>Employee</u>	<u>Employer</u>
Contribution Amount	\$ 1,846	\$ 1,846
Percentage of Covered Payroll	5.0%	5.0%

**Defined Benefit Plan - Waseca Fire Relief Association
Plan Description**

All members of the Waseca Fire Department are covered by a defined benefit plan administered by the Waseca Volunteer Firefighters Relief Association. The Plan is a single employer retirement plan and is established and administered in accordance with Minnesota Statute Chapter 69 and 424.

The Relief Association provides retirement benefits as well as disability benefits to members, and benefits to survivors upon death of eligible members. Benefits are established in accordance with State Statute, and vest after ten years of credited service. The defined retirement benefits are based on a member's years of service. Benefit provisions can be amended by the Relief Association within the parameters provided by state statutes. On-behalf payments of fringe benefits and salaries for the government's employees were recognized as revenues and expenditures/expenses during the period.

The Association issues a publicly available financial report that includes financial statements and required supplementary information for the plan. That report may be obtained by contacting the City's Fire Department.

Funding Policy

Minnesota Statutes specify minimum contributions that may be required from the City on an annual basis. These minimum contributions are determined based on the amount required to meet normal cost plus amortizing any prior year's service cost over a ten year period on a level dollar closed basis. The contribution required from the City for the year ended December 31, 2014 was \$67,386. The City contributed \$81,626 in 2014 to the Relief Association. The Relief Association also receives funding from the state two-percent fire premium tax. The City receives the contributions and is required by state statute to pass this through as payment to the Relief Association. Investment earnings also add to the resources available for benefits. The City received State Fire Aid in the amount of \$69,386 which includes \$4,000 in supplemental retirement funds, and remitted Fire Aid in the amount of \$69,386 in 2014.

The Required Supplementary Information providing a three-year history of Funding Progress is on page 70.

Annual Pension Cost and Net Pension Obligation

The City's annual pension cost and net pension obligation for the year ended December 31, 2014 were as follows:

Annual Required Contribution	\$ 67,386
Interest on Net Pension Obligation	-
Adjustment to Annual Required Contribution	14,240
Annual Pension Cost	81,626
Contributions Made	81,626
Increase (Decrease) in Net Pension Obligation	-
Net Pension Obligation - Beginning of Year	-
Net Pension Obligation - End of Year	\$ -

In the December 31, 2014 actuarial valuation, the entry age normal method was used. The significant actuarial assumptions included: (a) 5% investments rate of return; and (b) age and service retirement was assumed to occur at age 50. The actuarial value of plan assets was determined using techniques that spread the effects of short-term volatility in the market value of investments over a five-year period. Actuarial assumptions for project inflation rate, projected salary increases, and post-retirement benefit increases were not applicable to this calculation. Net pension obligations on annual actuarial basis are not calculated for individual volunteer fire relief associations since State Statutes permit alternate calculation of required reserves based on overall actuarial assumptions.

The City's net pension obligation for the Relief Association for the years ended December 31, 2014, 2013 and 2012 are as follows:

Year Ended	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
12/31/2012	78,188	100.0%	\$ -
12/31/2013	113,934	100.0%	-
12/31/2014	81,626	100.0%	-

Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability	Funded (Unfunded) Accrued Liability	Funded Ratio	Annual Benefits Per Year of Service
12/31/2012	1,279,232	1,369,897	(90,665)	93.4%	3,100
12/31/2013	1,287,084	1,155,791	131,293	111.4%	3,100
12/31/2014	1,467,164	1,425,655	41,509	102.9%	3,700

F. Post-Employment Benefits

The City provides no post-employment benefits for health care, life insurance, or other employee assistance programs except for certain public safety employees. The City must bear a substantial portion of health insurance costs for public safety employees who are injured in the line of duty and permanently disabled. The City must pay health insurance premiums for these employees and their dependents, if required, until age 65. The City had one public safety employee who was entitled to these benefits for all of 2014. Expenditures for post employment benefits made in 2014 were \$25,203. Qualified former employees and their dependents may remain enrolled in benefit plans provided they pay the full premiums, based on the same rates charged for active employees. There is currently one such participant covered on the City's plan. In 2011, the City contracted with Hildi Incorporated, an independent consultant to provide Governmental Accounting Standards Board (GASB) Statement Number 45 actuarial calculations. GASB 45 requires cities to report other Post-employment benefits (OPEB).

Summary of Plan Provisions

An employee of the City of Waseca that is covered by an employment contract which provides for post-retirement benefits is eligible for participation. In order to be eligible for retirement benefits, the employee must have either 3 years of service, or be eligible under the rule of 90. The City does not pay premiums for retirees. Full premiums are paid for disabled participants until the age of 65. Plan calculations are based on the benefits provided under the terms of the substantive plan in effect at the time of each valuation and on the pattern of sharing of costs between the employer and plan members. The following total monthly premiums are effective January 1, 2014.

	Plan 1	Plan 2
Single	\$ 539.00	\$ 772.50
Family	1,678.00	2,404.00

Participants

1. Active Employees	57
2. Covered retirees, beneficiaries and disabled	1
3. Total	<u>58</u>

Annual OPEB Costs and Net OPEB Obligation

The City's last actuarial valuation was performed for the plan on January 1, 2014 to determine the funded status of the plan as well as the employer's annual required contribution (ARC) for the fiscal year ended December 31, 2014. The City's annual OPEB cost (expense) was \$94,516. The transition liability was set at zero as of January 1, 2008. The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2014 were as follows:

Fiscal Year Ended	Annual OPEB Cost	Employer Contributions	Implicit Rate	Cumulative Net OPEB Obligation	Percentage of Annual OPEB Cost Contributed
2012	\$ 93,412	\$ (15,470)	\$ (40,306)	\$ 264,743	59.7%
2013	92,529	(14,718)	(45,574)	296,980	65.2%
2014	94,516	(25,203)	(27,756)	338,537	56.0%

The net OPEB obligation (NOPEBO) as of December 31, 2014, was calculated as follows:

Annual Required Contribution	\$ 100,456
Interest on Net OPEB Obligation	11,879
Adjustment to ARC	<u>(17,819)</u>
Annual OPEB Cost	94,516
Contributions made	(25,203)
Implicit rate	<u>(27,756)</u>
Increase in Net OPEB Obligation	41,557
Net OPEB Obligation Beginning of Year	<u>296,980</u>
Net OPEB Obligation End of Year	<u><u>\$ 338,537</u></u>

Funded Status and Funding Progress. The funded status of the plan as of January 1, 2014 (the most recent valuation date), was as follows:

Actuarial accrued liability (AAL)	893,868
Actuarial value of plan assets	-
Unfunded actuarial accrued liability (UAAL)	893,868
Funded ratio (actuarial value of plan assets/AAL)	-
Covered payroll (active plan members)	3,129,657
UAAL as a percentage of covered payroll	28.56%

Actuarial Methods and Assumptions

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality and the health care cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions (ARC) of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

The valuation has been conducted in accordance with GASB 45's alternative measurement method for employers with less than 100 plan members. Subject to the constraints of that method, we have followed generally accepted actuarial principals and practices to fulfill the applicable accounting requirements, each actuarial assumption should be management's "best estimate" solely with respect to that individual assumption. The following is a summary of the Actuarial Valuation of Post-Employment Benefits.

The schedule of funding progress, presented as required supplementary information following the notes to financial statements, presents multi-year trend information that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits. Actuarially determined amounts are subject to continual revision as results are compared to past expectations and new estimates are made about the future. The actuarial calculations reflect a long-term perspective, including techniques that are designed to reduce short-term volatility in actuarial liabilities and the actuarial value of assets.

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members up to that date. The actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with long-term perspective of the calculations.

In the January 1, 2014 actuarial valuation the projected unit credit method was used. The actuarial assumptions included a 4.0% investment rate of return (net of expenses) with an underlying inflation rate of 2.5%. The actuarial assumptions also included a current year healthcare cost trend rate of 7.5% in 2014 grading to 5% over 10 years. It is assumed that 55% of active participants continue coverage until age 65. The percentage of spouses electing coverage at participant's retirement is assumed to be 25%. Retirement age is considered the latest of age 60, plan eligibility or current age. Life expectancy is based on the RP 2000 Combined Healthy Table project to 2014 with Scale BB (with Blue Collar adjustment for Police & Fire). The probability that an employee will remain employed until the assumed retirement age was determined using non-group specific age-based turnover data provided in Table 1 in paragraph 35b of GASB 45. The actuarial value of assets was not determined as the City has not advance funded its obligations. The plan's unfunded actuarial accrued liability is being amortized as a level amount of projected payroll on a closed basis over a period of 30 years. The Monthly retiree medical costs per person were estimated to be \$597 for single and \$1,860 for family.

G. Prior Period Adjustment

Adjustments to the beginning Net position were required as follows:

Government-wide	Original	Adjustment	Restated
Governmental Activities	\$ 34,156,998	\$ (151,651)	\$ 34,005,347
Fund Financial Statements			
General Fund	3,046,023	75,500	3,121,523
EDPG Clear Lake Press	281,361	38,060	319,421
Waseca Housing Fund	113,010	3,000	116,010

An adjustment was required for Land Held for Resale which was previously reported as a capital asset. The effect of this adjustment was a reduction in Governmental Activities Fixed Assets of \$227,151 and an increase in Land Held For Resale reported in the General Fund of \$75,500.

An adjustment was also required for deferred inflows of resources related to loans. The allowance for uncollectible accounts was previously only reported in the government wide statements, which is now reflected within the Clear Lake Press and Waseca Housing Fund. The effect of this adjustment was a reduction in Governmental activities net assets totaling \$41,060 and an increase in Clear Lake Press and Waseca Housing Fund net assets of \$38,060 and \$3,000 respectively.

H. Concentrations

The City receives a significant amount of its annual General fund revenues from the State of Minnesota from the Local Government Aid (LGA). The amount received in 2014 was \$2,631,156, which accounted for 35.55 percent of General fund revenues.

VI. ECONOMIC DEVELOPMENT AUTHORITY OF THE CITY OF WASECA

Notes I through V to the basic financial statements apply to the City and generally to its component units. The City's component units are reported in separate columns, or discretely presented, in the financial statements to emphasize that they are legally separate from the City. The following notes provide disclosures that are specific to the component units. Further detail regarding the component units is provided under the Component Unit tab within the "Supplementary Information" section of the financial statements.

A. Reporting Entity

The Authority was established in 1997 and encompasses the Waseca Community. It is governed by five members who are appointed by the City Council. The City is considered financially accountable for The Economic Development Authority because the City can impose its will and because financial assistance is made by the City. For financial reporting purposes only, the Authority is a discretely presented component unit of the reporting entity of the City of Waseca. The Authority was created to undertake activities necessary to retain, promote, and attract economically sound industry and commerce within the City.

The Authority reports the following governmental fund:

General Fund - This is the Authority's primary operating fund. It accounts for all financial resources of the Authority and those not required to be accounted for in another fund.

B. Assets, Liabilities, deferred inflows of resources and fund balance

1. Deposits and Investments

Cash balances are pooled with the City of Waseca's funds and invested to the extent available in savings accounts and certificates of deposits. Earnings from investments are allocated monthly to each fund based on month end balances of cash and investments.

2. Property Tax Receivables

The Authority levies its property tax for the subsequent year in October. This levy is certified to the County of Waseca, as they are the collection agency for taxes within the County. Taxes are recognized as receivables in the current year when the Authority is notified by the County of the amounts. They become a lien against the property on the date of levy. Taxes are due and payable at the County on May 15 and October 15, and collections are remitted to the Authority in January, June, and December. Adjustments are made to delinquent taxes based on the records of the County Auditor.

3. Fund Equity

In the fund financial statements, governmental funds report nonspendable fund balance for amounts that cannot be spent because they are either (a) not in a spendable form, or (b), legally or contractually required to be maintained intact. Restricted fund balance are amounts that are subject to externally enforceable legal restrictions from (a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments, or (b), imposed by law through constitutional provisions or enabling legislation. Unassigned fund balance is the residual classification for the General fund and also negative residual amounts in other funds.

C. Deposits and Investments

State Statutes require that all deposits in financial institutions in excess of \$250,000 insured by Federal Depository Insurance Corporation (FDIC) be collateralized at 110% by U.S. Government obligations or its agencies and instrumentalities or direct obligations of any state or local government with taxing powers which is rated "A" or better by a national bond rating service. Collateral pledged by the bank is held in safekeeping departments of banks other than the pledging bank or at the Federal Reserve Bank and held in the name of the Authority. It is required that the Authority sign authorizations releasing collateral once it is pledged. The Authority's deposits were fully insured or collateralized as required by State Statutes at December 31, 2014.

The State Statutes and Authority resolutions authorize the Authority's investments. The Authority is authorized by state statute to invest in U.S. Government obligations and its agencies or instrumentalities, state, or local securities meeting certain rating guidelines, commercial paper, insured or collateralized certificates of deposit, and certain high risk mortgage backed securities. The Authority is authorized by resolution to invest in certificates of deposit. The Authority held no investments at December 31, 2014.

Interest Rate Risk: The Authority's investment policy is to minimize credit and market risks while maintaining a competitive yield on its portfolio. The Authority is authorized to purchase certificates of deposit in various financial institutions. This policy is the same for all fund types reported herein. Deposits and investments held by the Authority during the year and at December 31, 2014 are classified in the category of lowest credit risk as defined by the Governmental Accounting Standards Board.

D. Investment in Real Property

This amount represents the cost of land, capitalized interest and special assessments on lots being held for sale in the South Industrial Park, the Huebert property, and the Cunningham Estate. The balance at year-end consists of:

Land	\$ 34,198
Capitalized interest	46,987
Special assessments	96,082
Total	<u>\$ 177,267</u>

E. Long-term Debt

Notes payable

The EDA issued a note payable to the Waseca Development Corporation in 2011 in conjunction with an agreement to develop a \$625,000 revolving loan program that will be targeted to agribusiness startups. This loan represents a portion of local match funding which was required for eligibility for a \$500,000 United States Department of Agriculture loan. The note currently outstanding is as follows:

	Original Amount	Maturities	Rate	Balance at 12/31/2014
2011 Waseca Development Corp Loan	\$ 28,000	2012-2016	0.00%	\$ 11,200

Year	Principal	Interest
2015	\$ 5,600	-
2016	5,600	-
	<u>\$ 11,200</u>	<u>\$ -</u>

Change in Long-Term Liabilities

Long-term liability activity for the year ended December 31, 2014 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Due Within One Year
<i>Component unit - EDA</i>					
Notes payable	\$ 16,800	\$ -	\$ (5,600)	\$ 11,200	\$ 5,600

F. Risk Management

The Authority is exposed to various levels of loss related to torts; theft of, damage, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Authority participates in the City of Waseca's risk management internal services fund.

There are no significant reductions in the Authority's insurance coverage from the previous year. In addition, there have been no settlements in excess of the Authority's coverage in any of the prior three fiscal years.

VII. HOUSING AND REDEVELOPMENT AUTHORITY OF THE CITY OF WASECA

A. Reporting Entity

The Waseca Housing and Redevelopment Authority operates as a local government unit for the purpose of providing housing and redevelopment services to the local area. The governing body consists of a five member board appointed by the City Council. The Authority's basic financial statements include the accounts of all Authority operations.

B. Budget information

The Authority adopts an estimated revenue and expenditure budget for each Fund. Comparisons of estimated revenues and budgeted expenditures to actual are not presented in the financial statements. Amendments to the original budget require board approval. Appropriations lapse at year end. The Authority does not use encumbrance accounting.

C. Assets, Liabilities, and Fund Equity Accounts

1. Cash and Cash Equivalents

Investments are stated at fair value, except for nonnegotiable certificates of deposit, which are on a cost basis, and short-term money market investments, which are stated at amortized cost. All checking, savings, certificates of deposit and cash on hand are included in cash for the cash flow statement.

2. Prepaid Items

Prepaid expenses present the unexpired premium on insurance policies.

3. Capital Assets

Capital assets, which includes property, buildings, furniture and equipment, are reported in the applicable business-type activities columns in the government-wide financial statements and in the fund financial statements for proprietary funds. All capital assets are valued at historical cost or estimated historical cost if actual historical is not available. Donated assets are valued at their fair market value on the date donated. Repairs and maintenance are recorded as expenses. Renewals and betterments are capitalized. Interest has not been capitalized during the construction period on property, plant and equipment.

Depreciation is recorded using the straight line method over the various lives of the assets which range from three to forty years.

4. Liabilities

All liabilities are recorded as incurred in the appropriate enterprise fund.

5. Net Position

Net position represents the difference between assets and liabilities. Net position invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvements of those assets, and adding back unspent proceeds. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislations adopted by the Authority or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

6. Operating Revenues and Expenses

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. operating expenses for the proprietary funds include the cost of personal and contractual services, supplies and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

D. Vacation and Sick Leave

Under the Authority's personnel policies, employees are granted vacation and sick leave in varying amounts based on position and length of service. Days granted are 12 to 24 days per year. Unpaid vacation pay is generally paid at the time of separation from employment. Unpaid Sick Leave for employees who terminate their employment with more than 15 years of service is paid at a reduced rate.

E. Deposits and Investments

State statutes and U.S. Department of Housing and Urban Development regulations require that all Authority deposits be covered by insurance, surety bond, or collateral. At year end the carrying amount of deposits was \$254,036 and the bank balance was \$255,846. The entire bank balance was covered by FDIC insurance.

All deposit and investment accounts of the Authority are authorized by statute and HUD regulations.

Investments held by the HRA at year-end are classified as to credit risk are as follows:

Category 1 - Insured or registered, or securities held by the HRA agent in the HRA's name

Category 2 - Uninsured and unregistered, with securities held by the counterparty's trust department or agent in the HRA's name.

Category 3 - Uninsured and unregistered, with securities held by the counterparty, or by its trust department or agent but not in the HRA's name.

	Category 1 Carrying Amt. Market Value		
Money Market/Certificates of Deposit	\$ 261,706	\$ 261,706	\$ 261,706

F. Capital Assets

A summary of the capital assets at December 31, 2014:

	Useful Life	Beginning Balances	Increases	Decreases	Ending Balances
Capital assets not being depreciated					
Land	n/a	\$ 61,996	\$ -	\$ -	\$ 61,996
Depreciable capital assets:					
Buildings	40	2,161,841	7,737	-	2,169,578
Equipment	3-10	252,740	6,421	(457)	258,704
Total depreciable capital assets		2,414,581	14,158	(457)	2,428,282
Accumulated depreciation		(1,749,379)	(88,350)	1,525	(1,836,204)
Total capital assets being depreciated, net		665,202	(74,192)	1,068	592,078
Business-type activities capital assets, net		\$ 727,198	\$ (74,192)	\$ 1,068	\$ 654,074

Depreciation expense for business-type activities is charged to functions as follows:

Low Rent Public Housing	87,258
Public Housing Capital Fund Program	1,092
Current year depreciation expense:	<u>\$ 88,350</u>

G. Transfers and Net Position

A transfer of operating funds totaling \$49,657 was sent from the Public Housing Capital Fund to the Low Rent Public Housing Fund and an equity transfer of \$3,911 was made from the Public Housing Capital Fund to the Low Rent Public Housing Fund.

Fund net position balances are classified as follows:

Net Investment in Capital Assets	654,074
Unrestricted Net Position	484,605
	<u>\$ 1,138,679</u>

H. Compensated Absences Payable

Changes in Compensated Absences for the period ended December 31, 2014:

Balance, December 31, 2013	2,858
Net changes in compensated absences	(915)
Balance, December 31, 2014	<u>\$ 1,943</u>

I. Risk Management

The Authority is exposed to various risks of loss to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; workers' compensation claims; and natural disasters. Property and casualty and workers compensation liabilities are insured. The Authority retains risk for the deductible portions of the insurance. The amounts of these deductibles are considered immaterial to the general purpose financial statements.

J. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the period. Actual results could differ from those estimates.

K. Pension Plan

All eligible employees as determined by the local Housing Authority, HUD approved personnel policy are covered by a pension plan. The plan is funded by employer contributions of 8% of gross wages and employee contributions of 5.5%

	<u>Rates</u>	<u>12/31/2014</u>	<u>12/31/2013</u>
Total Wages		\$ 88,685	\$ 90,043
Employer Contribution	0.08%	7,095	7,203
Employee Contribution	<u>0.055%</u>	<u>4,878</u>	<u>4,952</u>
Total Contribution	0.135%	<u>\$ 11,973</u>	<u>\$ 12,155</u>

L. Economic Dependency

The programs of the Authority are economically dependent on annual contributions and grants from HUD. Without those contributions and grants, the programs would operate at a loss.

REQUIRED SUPPLEMENTARY INFORMATION

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City of Waseca, Minnesota
Schedule of Funding Progress for Postemployment Benefit Plan
December 31, 2014

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	Unfunded AAL as a Percentage of Covered Payroll ((b-a)/c)
1/1/2014	\$ -	\$ 893,868	\$ 893,868	0.0%	\$ 3,129,657	28.6%
1/1/2011	-	891,792	891,792	0.0%	2,832,604	31.5%
1/1/2008	-	930,002	930,002	0.0%	3,699,000	25.1%

**City of Waseca, Minnesota
Waseca Volunteer Fire Relief Association
December 31, 2014**

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded AAL	Funded Ratio
12/31/2014	\$ 1,467,164	\$ 1,425,655	\$ 41,509	102.9%
12/31/2013	1,287,084	1,155,791	131,293	111.4%
12/31/2012	1,279,232	1,369,897	(90,665)	93.4%

NONMAJOR FUNDS

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Nonmajor Governmental Funds

Special Revenue Funds

EDPG-Clear Lake Press Fund - This fund accounts for the Small Cities Development Grant activity.

Revolving Loan Fund - This fund was established to account for repayment of grant and loan funds repaid by loan recipients.

2010 SCDP Grant – This fund accounts for the 2010 Small Cities Development Grant activity used for the City's housing rehabilitation program.

2012 SCDP Grant – This fund accounts for the 2012 Small Cities Development Grant activity used for the City's housing rehabilitation program.

2014 Revolving Loan Fund – This fund was established to account for the re-use of MIF funds for forgivable loans transferred from the Clear Lake Press Fund.

TIF (Tax Increment Financing) Funds - This fund accounts for tax increment financing activities relative to various City projects.

Airport - This fund accounts for the municipal airport operations.

Waseca Water Park - Established to account for Water Park operations.

Waseca Housing Fund - This fund was established for tax abatement proceeds to be specifically designated for housing development options.

Historical Preservation Fund - This fund was established to account for the grant funding and expenditures relating to the Historical Preservation of Waseca.

Police Reserve Fund - This fund accounts for Police Reserve activity for the City of Waseca.

Police Crime Victims - Established to provide for a separate allocation of the grant revenue received for crime victims.

Police Forfeiture Fund - Established to provide for separate allocation of forfeiture, DUI and other revenue sources that must be expended in accordance with State statute.

Safe Haven Grant Fund – This fund accounts for the funding and activity for the Safe Haven Supervised Visitation and Safe Exchange Grant.

Fire Relief Fund - This fund accounts for the administration of specific property taxes for the Fire Relief Association.

Debt Service

Aquatic Park Debt Service - This fund accounts for the debt issued for the construction of the Water Park.

2011A Refunding Bonds – Accounts for the refunding debt issued for the Water Revenue Bonds Series 2001B and General Obligation Series 2005D.

Municipal State Aid Debt Service Fund - This fund was established to provide for the debt service payments related to the 11th Ave NW road construction.

Tax Increment Financing #23 Fund - This fund was established to account for the debt service related to the Downtown TIF 23 Street project.

2014A GO Bond Debt Service – Accounts for the debt issued for various construction projects including 7th Ave NW, the Public Safety Center, and NW Park Shelters.

Capital Projects

Municipal State Aid Construction Fund - This fund accounts for the construction of capital assets financed by state aid.

Municipal State Aid Maintenance Fund - This fund accounts for the State aid for eligible maintenance projects.

Library Remodel Fund – This fund accounts for costs and funding sources related to remodeling the Waseca-LeSueur Regional Library.

Highway 14 Reconstruction Fund – Proposed in 2013, to establish a fund to account for the City's cost of replacing the infrastructure along Highway 14.

Northwest Commercial Development Fund - This fund accounts for the infrastructure projects related to the commercial development site in the northwest Waseca.

Annexation and Growth Fund - This fund accounts for the planned growth and potential annexation of the Waseca area.

Equipment Replacement Fund – Accounts for General fund transfers and related purchases of capital equipment as detailed in the 10-year equipment replacement plan.

CITY OF WASECA, MINNESOTA
NON MAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
December 31, 2014

	Other Governmental Funds			
	Special Revenue	Debt Service	Capital Projects	Total
ASSETS				
Cash and Investments	\$ 1,224,868	\$ 197,206	\$ 1,367,401	\$ 2,789,475
Cash with fiscal agent	-	1,394,811	-	1,394,811
Taxes receivable	-	3,953	-	3,953
Accounts receivable	2,520	-	2,000	4,520
Loans receivable	37,840	-	-	37,840
Due from other governments	98,199	14,737	-	112,936
Land held for resale	-	-	960,467	960,467
Total assets	<u>\$ 1,363,427</u>	<u>\$ 1,610,707</u>	<u>\$ 2,329,868</u>	<u>\$ 5,304,002</u>
LIABILITIES				
Accounts payable	\$ 53,116	\$ 30,202	\$ 119,955	\$ 203,273
Due to other governments	116	-	4,800	4,916
Accrued wages payable	2,654	-	-	2,654
Due to other funds	18,924	-	-	18,924
Total liabilities	<u>74,810</u>	<u>30,202</u>	<u>124,755</u>	<u>229,767</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue - taxes	-	3,953	-	3,953
FUND BALANCES				
Restricted for:				
Debt Service	-	1,576,552	-	1,576,552
Clear Lake Press Fund	137,656	-	-	137,656
Revolving Loan	88,922	-	-	88,922
TIF Funds	500,303	-	-	500,303
Historical Preservation	18	-	-	18
Police Safe Haven	3,546	-	-	3,546
Police Forfeitures	56,436	-	-	56,436
Fire Relief	-	-	-	-
Municipal State Aid	-	-	591,382	591,382
Committed to:				
Airport	302,284	-	-	302,284
Police Reserves	148	-	-	148
Waseca Housing Fund	69,451	-	-	69,451
Assigned to:				
Northwest Commercial Development	-	-	1,117,737	1,117,737
Annexation and Growth	-	-	243,221	243,221
Equipment Replacement	-	-	205,563	205,563
Operations	143,661	-	-	143,661
Highway 14 Reconstruction	-	-	38,514	38,514
Library remodel	-	-	8,696	8,696
Unassigned:				
Unassigned	(13,808)	-	-	(13,808)
Total fund balances	<u>1,288,617</u>	<u>1,576,552</u>	<u>2,205,113</u>	<u>5,070,282</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 1,363,427</u>	<u>\$ 1,610,707</u>	<u>\$ 2,329,868</u>	<u>\$ 5,304,002</u>

CITY OF WASECA, MINNESOTA
NONMAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
For the Year Ended December 31, 2014

	Other Governmental Funds			
	Special Revenue	Debt Service	Capital Projects	Total
REVENUES				
Property taxes	\$ 270,383	\$ 208,867	\$ -	\$ 479,250
Fines and forfeitures	5,408	-	-	5,408
Intergovernmental	970,740	84,520	513,875	1,569,135
Program income	269,125	-	-	269,125
Contributions	14,400	-	20,662	35,062
Miscellaneous	16,101	13,323	20,801	50,225
Total revenues	<u>1,546,157</u>	<u>306,710</u>	<u>555,338</u>	<u>2,408,205</u>
EXPENDITURES				
Current:				
General government	-	-	7,077	7,077
Public safety	199,761	-	-	199,761
Streets and highways	-	-	407,329	407,329
Culture and recreation	226,536	-	-	226,536
Economic development	337,229	-	-	337,229
Airport	66,034	-	-	66,034
Debt service:				
Bond principal	-	355,000	-	355,000
Interest and fiscal charges	-	112,201	-	112,201
Bond issue costs	-	118,566	-	118,566
Capital outlay				
Public safety	23,575	-	71,312	94,887
Culture and recreation	10,797	-	88,796	99,593
Streets and highways	-	-	426,814	426,814
Airport	626,416	-	-	626,416
Total expenditures	<u>1,490,348</u>	<u>585,767</u>	<u>1,001,328</u>	<u>3,077,443</u>
Excess (deficiency) of revenues over (under) expenditures	<u>55,809</u>	<u>(279,057)</u>	<u>(445,990)</u>	<u>(669,238)</u>
OTHER FINANCING SOURCES (USES)				
Sale of capital assets	-	-	6,924	6,924
Transfers in	245,158	191,567	563,817	1,000,542
Issuance of debt	-	1,473,312	-	1,473,312
Bond premium	-	79,807	-	79,807
Transfers out	(215,336)	-	-	(215,336)
Total other financing sources (uses)	<u>29,822</u>	<u>1,744,686</u>	<u>570,741</u>	<u>2,345,249</u>
Net change in fund balances	<u>85,631</u>	<u>1,465,629</u>	<u>124,751</u>	<u>1,676,011</u>
Fund balances - beginning	1,161,926	110,923	2,080,362	3,353,211
Prior period adjustment	41,060	-	-	41,060
Fund balances - beginning restated	<u>1,202,986</u>	<u>110,923</u>	<u>2,080,362</u>	<u>3,394,271</u>
Fund balances - ending	<u>\$ 1,288,617</u>	<u>\$ 1,576,552</u>	<u>\$ 2,205,113</u>	<u>\$ 5,070,282</u>

CITY OF WASECA, MINNESOTA
NON MAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET - SPECIAL REVENUE FUNDS
December 31, 2014

	Special Revenue						
	EDPG Clear Lake Press	Revolving Loan Fund	2010 SCDP Grant	2012 SCDP Grant	2014 Revolving Loan Fund	TIF Funds	Airport
ASSETS							
Cash and cash equivalents	\$ 196,191	\$ 3,940	\$ 2,589	\$ 613	\$ 78,382	\$ 533,874	\$ 269,273
Accounts receivable	-	-	-	-	-	-	2,520
Loans receivable	27,326	-	-	-	7,514	-	-
Due from other governments	-	-	-	-	-	1,142	72,448
Total assets	<u>\$ 223,517</u>	<u>\$ 3,940</u>	<u>\$ 2,589</u>	<u>\$ 613</u>	<u>\$ 85,896</u>	<u>\$ 535,016</u>	<u>\$ 344,241</u>
LIABILITIES							
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 44,229	\$ 4,398
Due to other governments	-	-	-	-	-	-	-
Accrued wages payable	-	-	-	-	-	-	-
Due to other funds	-	-	-	-	-	3,044	-
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>47,273</u>	<u>4,398</u>
FUND BALANCES							
Restricted for:							
Clear Lake Press Fund	137,656	-	-	-	-	-	-
Revolving Loan	-	-	2,530	600	85,792	-	-
TIF Funds	-	-	-	-	-	500,303	-
Historical Preservation	-	-	-	-	-	-	-
Police Safe Haven	-	-	-	-	-	-	-
Police Forfeitures	-	-	-	-	-	-	-
Committed to:							
Airport	-	-	-	-	-	-	302,284
Police Reserves	-	-	-	-	-	-	-
Waseca Housing Fund	-	-	-	-	-	-	-
Assigned to:							
Operations	85,861	3,940	59	13	104	-	37,559
Unassigned:							
Unassigned	-	-	-	-	-	(12,560)	-
Total fund balances	<u>223,517</u>	<u>3,940</u>	<u>2,589</u>	<u>613</u>	<u>85,896</u>	<u>487,743</u>	<u>339,843</u>
Total Liabilities and Fund Balances	<u>\$ 223,517</u>	<u>\$ 3,940</u>	<u>\$ 2,589</u>	<u>\$ 613</u>	<u>\$ 85,896</u>	<u>\$ 535,016</u>	<u>\$ 344,241</u>

Waseca Water Park Fund	Waseca Housing Fund	Historical Preservation Fund	Police Reserves Fund	Police Crime Victims Fund	Police Forfeiture Fund	Safe Haven Grant Fund	Fire Relief Fund	Total
\$ 692	\$ 82,211	\$ 18	\$ 629	\$ -	\$ 56,436	\$ 1	\$ 19	\$ 1,224,868
-	-	-	-	-	-	-	-	2,520
-	3,000	-	-	-	-	-	-	37,840
-	-	-	-	-	-	24,609	-	98,199
<u>\$ 692</u>	<u>\$ 85,211</u>	<u>\$ 18</u>	<u>\$ 629</u>	<u>\$ -</u>	<u>\$ 56,436</u>	<u>\$ 24,610</u>	<u>\$ 19</u>	<u>\$ 1,363,427</u>
\$ 707	\$ -	\$ -	\$ 135	\$ -	\$ -	\$ 3,647	\$ -	\$ 53,116
19	-	-	-	-	-	97	-	116
1,214	-	-	-	-	-	1,440	-	2,654
-	-	-	-	-	-	15,880	-	18,924
<u>1,940</u>	<u>-</u>	<u>-</u>	<u>135</u>	<u>-</u>	<u>-</u>	<u>21,064</u>	<u>-</u>	<u>74,810</u>
-	-	-	-	-	-	-	-	137,656
-	-	-	-	-	-	-	-	88,922
-	-	-	-	-	-	-	-	500,303
-	-	18	-	-	-	-	-	18
-	-	-	-	-	-	3,546	-	3,546
-	-	-	-	-	56,436	-	-	56,436
-	-	-	-	-	-	-	-	302,284
-	-	-	148	-	-	-	-	148
-	69,451	-	-	-	-	-	-	69,451
-	15,760	-	346	-	-	-	19	143,661
(1,248)	-	-	-	-	-	-	-	(13,808)
<u>(1,248)</u>	<u>85,211</u>	<u>18</u>	<u>494</u>	<u>-</u>	<u>56,436</u>	<u>3,546</u>	<u>19</u>	<u>1,288,617</u>
<u>\$ 692</u>	<u>\$ 85,211</u>	<u>\$ 18</u>	<u>\$ 629</u>	<u>\$ -</u>	<u>\$ 56,436</u>	<u>\$ 24,610</u>	<u>\$ 19</u>	<u>\$ 1,363,427</u>

CITY OF WASECA, MINNESOTA
NONMAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - SPECIAL REVENUE FUNDS

For the Year Ended December 31, 2014

	Special Revenue						
	EDPG Clear Lake Press	Revolving Loan Fund	2010 SCDP Grant	2012 SCDP Grant	2014 Revolving Loan Fund	TIF Funds	Airport
REVENUES							
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	270,383	\$ -
Fines and forfeitures	-	-	-	-	-	-	-
Intergovernmental	-	-	-	158,941	-	-	625,171
Program income	-	-	-	-	-	-	127,100
Contributions	-	-	-	-	-	-	-
Miscellaneous	4,096	57	17	2	105	2,910	1,234
Total revenues	4,096	57	17	158,943	105	273,293	753,505
EXPENDITURES							
Current:							
Public safety	-	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-	-
Economic development	-	595	-	168,941	14,209	94,841	-
Airport	-	-	-	-	-	-	66,034
Capital outlay							
Public safety	-	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-	-
Airport	-	-	-	-	-	-	626,416
Total expenditures	-	595	-	168,941	14,209	94,841	692,450
Excess (deficiency) of revenues over (under) expenditures	4,096	(538)	17	(9,998)	(14,104)	178,452	61,055
OTHER FINANCING SOURCES (USES)							
Transfers in	-	-	-	10,600	100,000	-	-
Transfers out	(100,000)	(10,600)	-	-	-	(85,568)	-
Total other financing sources (uses)	(100,000)	(10,600)	-	10,600	100,000	(85,568)	-
Net change in fund balances	(95,904)	(11,138)	17	602	85,896	92,884	61,055
Fund balances - beginning	281,361	15,078	2,572	11	-	394,859	278,788
Prior period adjustment	38,060	-	-	-	-	-	-
Fund balances - beginning - restated	319,421	15,078	2,572	11	-	394,859	278,788
Fund balances - ending	\$ 223,517	\$ 3,940	\$ 2,589	\$ 613	\$ 85,896	\$ 487,743	\$ 339,843

Waseca Water Park Fund	Waseca Housing Fund	Historical Preservation Fund	Police Reserve Fund	Police Crime Victims Fund	Police Forfeiture Fund	Safe Haven Grant Fund	Fire Relief Fund	Total
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	270,383
-	-	-	-	-	5,408	-	-	5,408
-	-	9,824	-	-	-	109,418	67,386	970,740
135,333	-	-	-	-	-	6,692	-	269,125
-	13,650	-	750	-	-	-	-	14,400
-	551	-	6,701	129	280	-	19	16,101
<u>135,333</u>	<u>14,201</u>	<u>9,824</u>	<u>7,451</u>	<u>129</u>	<u>5,688</u>	<u>116,110</u>	<u>67,405</u>	<u>1,546,157</u>
-	-	-	7,756	617	19,394	90,368	81,626	199,761
226,536	-	-	-	-	-	-	-	226,536
-	45,000	13,643	-	-	-	-	-	337,229
-	-	-	-	-	-	-	-	66,034
-	-	-	-	-	-	23,575	-	23,575
10,797	-	-	-	-	-	-	-	10,797
-	-	-	-	-	-	-	-	626,416
<u>237,333</u>	<u>45,000</u>	<u>13,643</u>	<u>7,756</u>	<u>617</u>	<u>19,394</u>	<u>113,943</u>	<u>81,626</u>	<u>1,490,348</u>
<u>(102,000)</u>	<u>(30,799)</u>	<u>(3,819)</u>	<u>(305)</u>	<u>(488)</u>	<u>(13,706)</u>	<u>2,167</u>	<u>(14,221)</u>	<u>55,809</u>
100,000	-	1,150	-	-	19,168	-	14,240	245,158
-	-	-	-	(19,168)	-	-	-	(215,336)
<u>100,000</u>	<u>-</u>	<u>1,150</u>	<u>-</u>	<u>(19,168)</u>	<u>19,168</u>	<u>-</u>	<u>14,240</u>	<u>29,822</u>
<u>(2,000)</u>	<u>(30,799)</u>	<u>(2,669)</u>	<u>(305)</u>	<u>(19,656)</u>	<u>5,462</u>	<u>2,167</u>	<u>19</u>	<u>85,631</u>
752	113,010	2,687	799	19,656	50,974	1,379	-	1,161,926
-	3,000	-	-	-	-	-	-	41,060
<u>752</u>	<u>116,010</u>	<u>2,687</u>	<u>799</u>	<u>19,656</u>	<u>50,974</u>	<u>1,379</u>	<u>-</u>	<u>1,202,986</u>
\$ <u>(1,248)</u>	\$ <u>85,211</u>	\$ <u>18</u>	\$ <u>494</u>	\$ <u>-</u>	\$ <u>56,436</u>	\$ <u>3,546</u>	\$ <u>19</u>	\$ <u>1,288,617</u>

CITY OF WASECA, MINNESOTA
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
EDPG Clear Lake Press Special Revenue Fund
For the Year Ended December 31, 2014

	Clear Lake Press		
	Final Budget	Actual Amounts	Variance With Final Budget
REVENUES			
Miscellaneous	\$ 13,850	\$ 4,096	\$ (9,754)
EXPENDITURES			
Current:			
Economic development	244,100	-	244,100
Excess (deficiency) of revenues over (under) expenditures	(230,250)	4,096	234,346
OTHER FINANCING SOURCES (USES)			
Transfers to other funds	-	(100,000)	(100,000)
Net change in fund balances	(230,250)	(95,904)	134,346
Fund balances - beginning	281,361	281,361	-
Prior period adjustment	-	38,060	38,060
Fund balances, - beginning - restated	281,361	319,421	38,060
Fund balances - ending	\$ 51,111	\$ 223,517	\$ 172,406

CITY OF WASECA, MINNESOTA
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Revolving Loan Special Revenue Fund
For the Year Ended December 31, 2014

	Revolving Loan Fund		
	Final Budget	Actual Amounts	Variance With Final Budget
REVENUES			
Miscellaneous	\$ -	\$ 57	\$ 57
EXPENDITURES			
Current:			
Economic development	-	595	(595)
Excess (deficiency) of revenues over expenditures	-	(538)	(538)
OTHER FINANCING SOURCES (USES)			
Transfers to other funds	(31,170)	(10,600)	20,570
Net change in fund balances	(31,170)	(11,138)	20,032
Fund balances - beginning	15,078	15,078	-
Fund balances - ending	\$ (16,092)	\$ 3,940	\$ 20,032

CITY OF WASECA, MINNESOTA
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
2012 SCDP Special Revenue Fund
For the Year Ended December 31, 2014

	2012 SCDP Grant		
	Final Budget	Actual Amounts	Variance With Final Budget
REVENUES			
Intergovernmental	\$ 200,000	\$ 158,941	\$ (41,059)
Interest	-	2	2
Total revenues	<u>200,000</u>	<u>158,943</u>	<u>(41,057)</u>
EXPENDITURES			
Current:			
Economic development	<u>231,170</u>	<u>168,941</u>	<u>62,229</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(31,170)</u>	<u>(9,998)</u>	<u>21,172</u>
OTHER FINANCING SOURCES			
Transfers from other funds	<u>31,170</u>	<u>10,600</u>	<u>(20,570)</u>
Net change in fund balances	-	602	602
Fund balances - beginning	<u>11</u>	<u>11</u>	<u>-</u>
Fund balances - ending	<u>\$ 11</u>	<u>\$ 613</u>	<u>\$ 602</u>

CITY OF WASECA, MINNESOTA
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
TIF Special Revenue Funds
For the Year Ended December 31, 2014

	TIF Funds		
	Final Budget	Actual Amounts	Variance With Final Budget
REVENUES			
Property taxes	\$ 270,383	\$ 270,383	\$ -
Miscellaneous	-	2,910	2,910
Total revenues	<u>270,383</u>	<u>273,293</u>	<u>2,910</u>
EXPENDITURES			
Current:			
Economic development	<u>94,641</u>	<u>94,841</u>	<u>(200)</u>
Excess of revenues over expenditures	175,742	178,452	2,710
OTHER FINANCING SOURCES (USES)			
Transfers to other funds	<u>(85,568)</u>	<u>(85,568)</u>	<u>-</u>
Net change in fund balances	90,174	92,884	2,710
Fund balances - beginning	394,859	394,859	-
Fund balances - ending	<u>\$ 485,033</u>	<u>\$ 487,743</u>	<u>\$ 2,710</u>

CITY OF WASECA, MINNESOTA
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Airport Special Revenue Fund
For the Year Ended December 31, 2014

	Airport Fund		
	Final Budget	Actual Amounts	Variance With Final Budget
REVENUES			
Intergovernmental	\$ 732,241	\$ 625,171	\$ (107,070)
Program Income	80,000	127,100	47,100
Miscellaneous	1,000	1,234	234
Total revenues	<u>813,241</u>	<u>753,505</u>	<u>(59,736)</u>
EXPENDITURES			
Current:			
Airport	71,671	66,034	5,637
Capital outlay			
Airport	856,949	626,416	230,533
Total expenditures	<u>928,620</u>	<u>692,450</u>	<u>236,170</u>
Net change in fund balances	(115,379)	61,055	176,434
Fund balances - beginning	278,788	278,788	-
Fund balances - ending	<u>\$ 163,409</u>	<u>\$ 339,843</u>	<u>\$ 176,434</u>

CITY OF WASECA, MINNESOTA
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Waseca Water Park Special Revenue Fund
For the Year Ended December 31, 2014

	Waseca Water Park Fund		
	Final Budget	Actual Amounts	Variance With Final Budget
REVENUES			
Program income	\$ 158,500	\$ 135,333	\$ (23,167)
EXPENDITURES			
Current:			
Culture and recreation	226,731	226,536	195
Capital outlay			
Culture and recreation	12,500	10,797	1,703
Total expenditures	<u>239,231</u>	<u>237,333</u>	<u>1,898</u>
Deficiency of revenues under expenditures	(80,731)	(102,000)	(21,269)
OTHER FINANCING SOURCES			
Transfers from other funds	<u>75,000</u>	<u>100,000</u>	<u>25,000</u>
Net change in fund balances	(5,731)	(2,000)	3,731
Fund balances - beginning	752	752	-
Fund balances - ending	<u>\$ (4,979)</u>	<u>\$ (1,248)</u>	<u>\$ 3,731</u>

CITY OF WASECA, MINNESOTA
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Waseca Housing Special Revenue Fund
For the Year Ended December 31, 2014

	Waseca Housing Fund		
	Final Budget	Actual Amounts	Variance With Final Budget
REVENUES			
Contributions	\$ 13,650	\$ 13,650	\$ -
Interest		-	-
Miscellaneous	1,000	551	(449)
Total revenues	<u>14,650</u>	<u>14,201</u>	<u>(449)</u>
EXPENDITURES			
Current:			
Economic development	<u>45,150</u>	<u>45,000</u>	<u>150</u>
Net change in fund balances	<u>(30,500)</u>	<u>(30,799)</u>	<u>(299)</u>
Fund balances - beginning	113,010	113,010	-
Prior period adjustment	-	3,000	3,000
Fund balances - beginning - restated	<u>113,010</u>	<u>116,010</u>	<u>3,000</u>
Fund balances - ending	<u>\$ 82,510</u>	<u>\$ 85,211</u>	<u>\$ 2,701</u>

CITY OF WASECA, MINNESOTA
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Historical Preservation Special Revenue Fund
For the Year Ended December 31, 2014

	Historical Preservation Fund		
	Final Budget	Actual Amounts	Variance With Final Budget
REVENUES			
Intergovernmental	\$ 20,000	\$ 9,824	\$ (10,176)
EXPENDITURES			
Current:			
Economic development	20,000	13,643	6,357
Excess of revenues over expenditures	-	(3,819)	(3,819)
OTHER FINANCING SOURCES (USES)			
Transfers from other funds	-	1,150	1,150
Net change in fund balances	-	(2,669)	(2,669)
Fund balances - beginning	908	2,687	1,779
Fund balances - ending	\$ 908	\$ 18	\$ (890)

CITY OF WASECA, MINNESOTA
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Police Reserve Special Revenue Fund
For the Year Ended December 31, 2014

	Police Reserve Fund		
	Final Budget	Actual Amounts	Variance With Final Budget
REVENUES			
Contributions	\$ 500	\$ 750	\$ 250
Miscellaneous	4,520	6,701	2,181
Total revenues	<u>5,020</u>	<u>7,451</u>	<u>2,431</u>
EXPENDITURES			
Current:			
Public safety	<u>5,020</u>	<u>7,756</u>	<u>(2,736)</u>
Net change in fund balances	-	(305)	(305)
Fund balances - beginning	799	799	-
Fund balances - ending	<u>\$ 799</u>	<u>\$ 494</u>	<u>\$ (305)</u>

CITY OF WASECA, MINNESOTA
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Police Forfeiture Special Revenue Fund
For the Year Ended December 31, 2014

	Police Forfeiture Fund		
	Final Budget	Actual Amounts	Variance With Final Budget
REVENUES			
Fines and Forfeitures	\$ 12,000	\$ 5,408	\$ (6,592)
Miscellaneous	-	280	280
Total revenues	<u>12,000</u>	<u>5,688</u>	<u>(6,312)</u>
EXPENDITURES			
Current:			
Public safety	<u>12,000</u>	<u>19,394</u>	<u>(7,394)</u>
Deficiency of revenues under expenditures	-	(13,706)	(13,706)
OTHER FINANCING SOURCES			
Transfers from other funds	<u>-</u>	<u>19,168</u>	<u>19,168</u>
Net change in fund balances	-	5,462	5,462
Fund balances - beginning	50,974	50,974	-
Fund balances - ending	<u>\$ 50,974</u>	<u>\$ 56,436</u>	<u>\$ 5,462</u>

CITY OF WASECA, MINNESOTA
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Safe Haven Grant Special Revenue Fund
For the Year Ended December 31, 2014

	Safe Haven Grant Fund		
	Final Budget	Actual Amounts	Variance With Final Budget
REVENUES			
Intergovernmental	\$ 241,516	\$ 109,418	\$ (132,098)
Program income	-	6,692	6,692
Total revenues	<u>241,516</u>	<u>116,110</u>	<u>(125,406)</u>
EXPENDITURES			
Current:			
Public safety	183,218	90,368	92,850
Capital outlay			
Public safety	<u>58,298</u>	<u>23,575</u>	<u>(34,723)</u>
Total expenditures	<u>241,516</u>	<u>113,943</u>	<u>127,573</u>
Net change in fund balances	-	2,167	2,167
Fund balances - beginning	<u>1,379</u>	<u>1,379</u>	-
Fund balances - ending	<u>\$ 1,379</u>	<u>\$ 3,546</u>	<u>\$ 2,167</u>

CITY OF WASECA, MINNESOTA
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Fire Relief Special Revenue Fund
For the Year Ended December 31, 2014

	Fire Relief Fund		
	Final Budget	Actual Amounts	Variance With Final Budget
REVENUES			
Intergovernmental	\$ 46,038	\$ 67,386	\$ 21,348
Miscellaneous	-	19	19
Total revenues	<u>46,038</u>	<u>67,405</u>	<u>21,367</u>
EXPENDITURES			
Current:			
Public safety	<u>60,278</u>	<u>81,626</u>	<u>(21,348)</u>
Deficiency of revenues under expenditures	(14,240)	(14,221)	19
OTHER FINANCING SOURCES			
Transfers from other funds	<u>14,240</u>	<u>14,240</u>	<u>-</u>
Net change in fund balances	-	19	19
Fund balances - beginning	-	-	-
Fund balances - ending	<u>\$ -</u>	<u>\$ 19</u>	<u>\$ 19</u>

CITY OF WASECA, MINNESOTA
NON MAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET - TIF SPECIAL REVENUE FUNDS
December 31, 2014

	TIF Special Revenue Funds						
	TIF Charter Oaks Fund	TIF Central Fund	TIF Waseca Village Fund	TIF Colony Ct III Fund	TIF South Loon Fund	TIF Fox Meadows	Total
ASSETS							
Cash and cash equivalents	\$ 17,797	\$ 436,464	\$ 4	\$ 26,100	\$ 52,973	\$ 536	\$ 533,874
Due from other governments	-	1,068	-	-	74	-	1,142
Total assets	<u>\$ 17,797</u>	<u>\$ 437,532</u>	<u>\$ 4</u>	<u>\$ 26,100</u>	<u>\$ 53,047</u>	<u>\$ 536</u>	<u>\$ 535,016</u>
LIABILITIES							
Accounts payable	\$ 5,888	\$ 8,869	\$ 2,150	\$ 13,642	\$ 5,774	\$ 7,906	\$ 44,229
Due to other funds	-	-	3,044	-	-	-	3,044
Total liabilities	<u>5,888</u>	<u>8,869</u>	<u>5,194</u>	<u>13,642</u>	<u>5,774</u>	<u>7,906</u>	<u>47,273</u>
FUND BALANCES							
Restricted for:							
TIF Funds	11,909	428,663	-	12,458	47,273	-	500,303
Unassigned:							
Unassigned	-	-	(5,190)	-	-	(7,370)	(12,560)
Total fund balances (deficits)	<u>11,909</u>	<u>428,663</u>	<u>(5,190)</u>	<u>12,458</u>	<u>47,273</u>	<u>(7,370)</u>	<u>487,743</u>
Total liabilities and fund balances	<u>\$ 17,797</u>	<u>\$ 437,532</u>	<u>\$ 4</u>	<u>\$ 26,100</u>	<u>\$ 53,047</u>	<u>\$ 536</u>	<u>\$ 535,016</u>

CITY OF WASECA, MINNESOTA
NONMAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - TIF SPECIAL REVENUE FUNDS
For the Year Ended December 31, 2014

	TIF Special Revenue Funds						
	TIF Charter Oaks Fund	TIF Central Fund	TIF Waseca Village Fund	TIF Colony Ct III Fund	TIF South Loon Fund	TIF Fox Meadows	Total
REVENUES							
Property taxes	\$ 13,084	\$ 187,118	\$ 4,301	\$ 30,315	\$ 18,922	\$ 16,643	\$ 270,383
Miscellaneous	92	2,385	4	108	302	19	2,910
Total revenues	<u>13,176</u>	<u>189,503</u>	<u>4,305</u>	<u>30,423</u>	<u>19,224</u>	<u>16,662</u>	<u>273,293</u>
EXPENDITURES							
Current:							
Economic development	12,326	20,472	4,851	27,933	12,098	17,161	94,841
Excess (deficiency) of revenues over (under) expenditures	850	169,031	(546)	2,490	7,126	(499)	178,452
OTHER FINANCING USES							
Transfers out	-	(85,568)	-	-	-	-	(85,568)
Net change in fund balances	850	83,463	(546)	2,490	7,126	(499)	92,884
Fund balances - beginning	11,059	345,200	(4,644)	9,968	40,147	(6,871)	394,859
Fund balances - ending	<u>\$ 11,909</u>	<u>\$ 428,663</u>	<u>\$ (5,190)</u>	<u>\$ 12,458</u>	<u>\$ 47,273</u>	<u>\$ (7,370)</u>	<u>\$ 487,743</u>

CITY OF WASECA, MINNESOTA**NON MAJOR GOVERNMENTAL FUNDS****COMBINING BALANCE SHEET - DEBT SERVICE FUNDS**

December 31, 2014

	Debt Service					Total
	Aquatic Park Fund	2011A Refunding Bonds	Municipal State Aid	Tax Increment District #23	2014A GO Bond	
ASSETS						
Cash and cash equivalents	\$ 73,645	\$ 30,279	\$ 335	\$ 51,993	\$ 40,954	\$ 197,206
Cash with fiscal agent	1,394,811	-	-	-	-	1,394,811
Taxes receivable	3,953	-	-	-	-	3,953
Due from other governments	1,771	-	-	-	12,966	14,737
Total assets	<u>\$ 1,474,180</u>	<u>\$ 30,279</u>	<u>\$ 335</u>	<u>\$ 51,993</u>	<u>\$ 53,920</u>	<u>\$ 1,610,707</u>
LIABILITIES						
Accounts payable	\$ 7,702	\$ -	\$ -	\$ -	\$ 22,500	\$ 30,202
DEFERRED INFLOWS OF RESOURCES						
Unavailable revenue - taxes	3,953	-	-	-	-	3,953
FUND BALANCES						
Restricted for:						
Debt service	1,462,525	30,279	335	51,993	31,420	1,576,552
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 1,474,180</u>	<u>\$ 30,279</u>	<u>\$ 335</u>	<u>\$ 51,993</u>	<u>\$ 53,920</u>	<u>\$ 1,610,707</u>

CITY OF WASECA, MINNESOTA
NONMAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES - DEBT SERVICE FUNDS
For the Year Ended December 31, 2014

	Debt Service					
	Aquatic Park Fund	2011A Refunding Bonds	Municipal State Aid	Tax Increment District #23	2014A GO Bond	Total
REVENUES						
Property taxes	\$ 165,152	\$ 43,715	\$ -	\$ -	\$ -	\$ 208,867
Intergovernmental	-	-	84,520	-	-	84,520
Miscellaneous	17	-	2	283	13,021	13,323
Total revenues	<u>165,169</u>	<u>43,715</u>	<u>84,522</u>	<u>283</u>	<u>13,021</u>	<u>306,710</u>
EXPENDITURES						
Debt service:						
Bond principal	85,000	140,000	80,000	50,000	-	355,000
Interest and fiscal charges	67,755	1,943	5,265	37,238	-	112,201
Bond issue cost	34,691	-	-	-	83,875	118,566
Total expenditures	<u>187,446</u>	<u>141,943</u>	<u>85,265</u>	<u>87,238</u>	<u>83,875</u>	<u>585,767</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(22,277)</u>	<u>(98,228)</u>	<u>(743)</u>	<u>(86,955)</u>	<u>(70,854)</u>	<u>(279,057)</u>
OTHER FINANCING SOURCES (USES)						
Transfers in	-	105,499	500	85,568	-	191,567
Bond proceeds	1,375,000	-	-	-	98,312	1,473,312
Bond premium	75,845	-	-	-	3,962	79,807
Total other financing sources (uses)	<u>1,450,845</u>	<u>105,499</u>	<u>500</u>	<u>85,568</u>	<u>102,274</u>	<u>1,744,686</u>
Net change in fund balances	1,428,568	7,271	(243)	(1,387)	31,420	1,465,629
Fund balances - beginning	33,957	23,008	578	53,380	-	110,923
Fund balances - ending	<u>\$ 1,462,525</u>	<u>\$ 30,279</u>	<u>\$ 335</u>	<u>\$ 51,993</u>	<u>\$ 31,420</u>	<u>\$ 1,576,552</u>

CITY OF WASECA, MINNESOTA
NON MAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET - CAPITAL PROJECT FUNDS
December 31, 2014

	Capital Projects							
	Municipal State Aid Construction	Municipal State Aid Maintenance	Library Remodel Fund	Highway 14 Reconstruction Fund	Northwest Commercial Development	Annexation and Growth	Equipment Replacement Fund	Total
ASSETS								
Cash and Investments	\$ 81,834	\$ 510,424	\$ 81,846	\$ 50,245	\$ 157,270	\$ 247,612	\$ 238,170	\$ 1,367,401
Accounts receivable	-	-	-	-	-	-	2,000	2,000
Land held for resale	-	-	-	-	960,467	-	-	960,467
Total assets	<u>\$ 81,834</u>	<u>\$ 510,424</u>	<u>\$ 81,846</u>	<u>\$ 50,245</u>	<u>\$ 1,117,737</u>	<u>\$ 247,612</u>	<u>\$ 240,170</u>	<u>\$ 2,329,868</u>
LIABILITIES								
Accounts payable	\$ 876	\$ -	\$ 73,150	\$ 11,731	\$ -	\$ 4,391	\$ 29,807	\$ 119,955
Due to other governments	-	-	-	-	-	-	4,800	4,800
Total liabilities	<u>876</u>	<u>-</u>	<u>73,150</u>	<u>11,731</u>	<u>-</u>	<u>4,391</u>	<u>34,607</u>	<u>124,755</u>
FUND BALANCES								
Restricted for:								
Municipal State Aid	80,958	510,424	-	-	-	-	-	591,382
Assigned to:								
Northwest Commercial Development	-	-	-	-	1,117,737	-	-	1,117,737
Annexation and Growth	-	-	-	-	-	243,221	-	243,221
Equipment Replacement	-	-	-	-	-	-	205,563	205,563
Highway 14 Reconstruction	-	-	-	38,514	-	-	-	38,514
Library remodel	-	-	8,696	-	-	-	-	8,696
Total fund balances	<u>80,958</u>	<u>510,424</u>	<u>8,696</u>	<u>38,514</u>	<u>1,117,737</u>	<u>243,221</u>	<u>205,563</u>	<u>2,205,113</u>
Total Liabilities and Fund Balances	<u>\$ 81,834</u>	<u>\$ 510,424</u>	<u>\$ 81,846</u>	<u>\$ 50,245</u>	<u>\$ 1,117,737</u>	<u>\$ 247,612</u>	<u>\$ 240,170</u>	<u>\$ 2,329,868</u>

CITY OF WASECA, MINNESOTA
NONMAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES - CAPITAL PROJECT FUNDS
For the Year Ended December 31, 2014

	Capital Projects							
	Municipal State Aid Construction	Municipal State Aid Maintenance	Library Remodel Fund	Highway 14 Reconstruction Fund	Northwest Commercial Development	Annexation and Growth	Equipment Replacement Fund	Total
REVENUES								
Intergovernmental	\$ 425,184	\$ 88,691	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 513,875
Contributions	-	-	-	-	-	-	20,662	20,662
Miscellaneous	478	3,362	218	333	1,044	1,650	13,716	20,801
Total revenues	<u>425,662</u>	<u>92,053</u>	<u>218</u>	<u>333</u>	<u>1,044</u>	<u>1,650</u>	<u>34,378</u>	<u>555,338</u>
EXPENDITURES								
Current:								
General government	-	-	-	-	-	7,077	-	7,077
Streets and highways	343,773	51,586	-	11,970	-	-	-	407,329
Capital outlay								
Public safety	-	-	-	-	-	-	71,312	71,312
Culture and recreation	-	-	85,522	-	-	-	3,274	88,796
Streets and highways	931	-	-	-	-	-	425,883	426,814
Total expenditures	<u>344,704</u>	<u>51,586</u>	<u>85,522</u>	<u>11,970</u>	<u>-</u>	<u>7,077</u>	<u>500,469</u>	<u>1,001,328</u>
Excess (deficiency) of revenues over (under) expenditures	<u>80,958</u>	<u>40,467</u>	<u>(85,304)</u>	<u>(11,637)</u>	<u>1,044</u>	<u>(5,427)</u>	<u>(466,091)</u>	<u>(445,990)</u>
OTHER FINANCING SOURCES (USES)								
Sale of capital assets	-	-	-	-	-	-	6,924	6,924
Transfers in	-	-	94,000	-	-	-	469,817	563,817
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>94,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>476,741</u>	<u>570,741</u>
Net change in fund balances	80,958	40,467	8,696	(11,637)	1,044	(5,427)	10,650	124,751
Fund balances - beginning	-	469,957	-	50,151	1,116,693	248,648	194,913	2,080,362
Fund balances - ending	<u>\$ 80,958</u>	<u>\$ 510,424</u>	<u>\$ 8,696</u>	<u>\$ 38,514</u>	<u>\$ 1,117,737</u>	<u>\$ 243,221</u>	<u>\$ 205,563</u>	<u>\$ 2,205,113</u>

CITY OF WASECA, MINNESOTA
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Municipal State Aid Construction Capital Project Fund
For the Year Ended December 31, 2014

	Municipal State Aid Construction		
	Final Budget	Actual Amounts	Variance With Final Budget
REVENUES			
Intergovernmental	\$ 489,900	\$ 425,184	\$ (64,716)
Miscellaneous	-	478	478
Total revenues	<u>489,900</u>	<u>425,662</u>	<u>(64,238)</u>
EXPENDITURES			
Current:			
Streets and highways	\$ 489,900	\$ 343,773	\$ 146,127
Capital outlay			
Streets and highways	-	931	931
Total expenditures	<u>489,900</u>	<u>344,704</u>	<u>147,058</u>
Net change in fund balances	-	80,958	80,958
Fund balances - beginning	-	-	-
Fund balances - ending	<u>\$ -</u>	<u>\$ 80,958</u>	<u>\$ 80,958</u>

CITY OF WASECA, MINNESOTA
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Municipal State Aid Maintenance Capital Project Fund
For the Year Ended December 31, 2014

	Municipal State Aid Maintenance		
	Final Budget	Actual Amounts	Variance With Final Budget
REVENUES			
Intergovernmental	\$ 75,000	\$ 88,691	\$ 13,691
Miscellaneous	2,500	3,362	862
Total revenues	<u>77,500</u>	<u>92,053</u>	<u>14,553</u>
EXPENDITURES			
Current:			
Streets and highways	100,000	51,586	48,414
Excess (deficiency) of revenues over (under) expenditures	(22,500)	40,467	62,967
Fund balances - beginning	469,957	469,957	-
Fund balances - ending	<u>\$ 447,457</u>	<u>\$ 510,424</u>	<u>\$ 62,967</u>

CITY OF WASECA, MINNESOTA
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Library Remodel Capital Project Fund
For the Year Ended December 31, 2014

	Library Remodel Fund		
	Final Budget	Actual Amounts	Variance With Final Budget
REVENUES			
Miscellaneous	\$ -	\$ 218	\$ 218
EXPENDITURES			
Capital outlay			
Parks and recreation	94,132	85,522	8,610
Excess (deficiency) of revenues over (under) expenditures	(94,132)	(85,304)	8,828
OTHER FINANCING SOURCES (USES)			
Transfers from other funds	94,000	94,000	-
Net change in fund balances	(132)	8,696	8,828
Fund balances - beginning	-	-	-
Fund balances - ending	\$ (132)	\$ 8,696	\$ 8,828

CITY OF WASECA, MINNESOTA
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Highway 14 Reconstruction Capital Project Fund
For the Year Ended December 31, 2014

	Highway 14 Reconstruction Fund		
	Final Budget	Actual Amounts	Variance With Final Budget
REVENUES			
Miscellaneous	\$ -	\$ 333	\$ 333
EXPENDITURES			
Current			
Streets and highways	50,000	11,970	38,030
Excess (deficiency) of revenues over (under) expenditures	(50,000)	(11,637)	38,363
Fund balances - beginning	50,151	50,151	-
Fund balances - ending	\$ 151	\$ 38,514	\$ 38,363

CITY OF WASECA, MINNESOTA
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Special Assessment Capital Project Fund
For the Year Ended December 31, 2014

	Special Assessment Fund		
	Final Budget	Actual Amounts	Variance With Final Budget
REVENUES			
Assessments	\$ 200,000	\$ 286,732	\$ 86,732
Miscellaneous	1,000	33,794	32,794
Total revenues	<u>201,000</u>	<u>320,526</u>	<u>119,526</u>
EXPENDITURES			
Capital outlay			
Streets and highways	<u>220,000</u>	<u>142,801</u>	<u>77,199</u>
Net change in fund balances	(19,000)	177,725	196,725
Fund balances - beginning	<u>243,645</u>	<u>243,645</u>	<u>-</u>
Fund balances - ending	<u>\$ 224,645</u>	<u>\$ 421,370</u>	<u>\$ 196,725</u>

CITY OF WASECA, MINNESOTA
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Annexation and Growth Capital Project Fund
For the Year Ended December 31, 2014

	Annexation and Growth		
	Final Budget	Actual Amounts	Variance With Final Budget
REVENUES			
Miscellaneous	\$ 1,400	\$ 1,650	\$ 250
EXPENDITURES			
Current:			
General government	25,000	7,077	17,923
Excess (deficiency) of revenues over (under) expenditures	(23,600)	(5,427)	18,173
Fund balances - beginning	248,648	248,648	-
Fund balances - ending	\$ 225,048	\$ 243,221	\$ 18,173

CITY OF WASECA, MINNESOTA
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Equipment Replacement Capital Project Fund
For the Year Ended December 31, 2014

	Equipment Replacement Fund		
	Final Budget	Actual Amounts	Variance With Final Budget
REVENUES			
Contributions	\$ -	\$ 20,662	\$ 20,662
Miscellaneous	200	13,716	13,516
Total revenues	<u>200</u>	<u>34,378</u>	<u>34,178</u>
EXPENDITURES			
Capital outlay			
Public safety	51,300	71,312	(20,012)
Streets and highways	351,700	425,883	(74,183)
Parks and recreation	7,000	3,274	3,726
Surface water management	45,000	-	45,000
Total expenditures	<u>455,000</u>	<u>500,469</u>	<u>(45,469)</u>
Deficiency of revenues under expenditures	<u>(454,800)</u>	<u>(466,091)</u>	<u>(11,291)</u>
OTHER FINANCING SOURCES			
Transfers from other funds	469,817	469,817	-
Sale of capital assets	-	6,924	6,924
Total other financing sources (uses)	<u>469,817</u>	<u>476,741</u>	<u>6,924</u>
 Net change in fund balances	 15,017	 10,650	 (4,367)
Fund balances - beginning	194,913	194,913	-
Fund balances - ending	<u>\$ 209,930</u>	<u>\$ 205,563</u>	<u>\$ (4,367)</u>

CITY OF WASECA, MINNESOTA
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Capital Improvement Capital Project Fund
For the Year Ended December 31, 2014

	Capital Improvement Fund		
	Final Budget	Actual Amounts	Variance With Final Budget
REVENUES			
Miscellaneous	\$ 3,000	\$ 19,072	\$ 16,072
EXPENDITURES			
Current:			
Streets and highways	-	23,405	(23,405)
Capital outlay:			
General government	165,000	35,284	129,716
Public safety	106,000	7,610	98,390
Streets and highways	2,895,155	1,365,111	1,530,044
Culture and recreation	75,500	60,859	14,641
Total expenditures	<u>3,241,655</u>	<u>1,492,269</u>	<u>1,749,386</u>
Deficiency of revenues under expenditures	<u>(3,238,655)</u>	<u>(1,473,197)</u>	<u>1,765,458</u>
OTHER FINANCING SOURCES (USES)			
Transfers from other funds	431,976	631,976	200,000
Transfers to other funds	-	(137,998)	(137,998)
Premium on bonds issued	-	78,857	78,857
Issuance of Debt	2,062,105	1,956,579	(105,526)
Total other financing sources (uses)	<u>2,494,081</u>	<u>2,529,414</u>	<u>35,333</u>
Net change in fund balances	(744,574)	1,056,217	1,800,791
Fund balances - beginning	994,667	994,667	-
Fund balances - ending	<u>\$ 250,093</u>	<u>\$ 2,050,884</u>	<u>\$ 1,800,791</u>

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INTERNAL SERVICE FUNDS

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Internal Service Funds

Central Garage Services

Established to account for the operations of the City garage, maintaining and repairing the City fleet and equipment at the City shop.

Property and Liability Insurance Fund

Established to account for interdepartmental revenues and expenses associated with property and liability insurance costs.

Workers Compensation Insurance Fund

Established to account for interdepartmental revenues and expenses associated with workers compensation insurance costs.

CITY OF WASECA, MINNESOTA
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF NET POSITION
December 31, 2014

	Central Garage Services	Property & Liability Insurance Fund	Workers Compensation Insurance Fund	Total
ASSETS				
Current assets:				
Cash and cash equivalents	\$ 20,909	\$ 81,741	\$ 136,987	\$ 239,637
LIABILITIES				
Current liabilities:				
Accounts payable	17,595	43,988	-	61,583
Due to other governments	-	55	-	55
Accrued wages	1,510	-	-	1,510
Total liabilities	19,105	44,043	-	63,148
NET POSITION				
Unrestricted	\$ 1,804	\$ 37,698	\$ 136,987	\$ 176,489
Total net position	\$ 1,804	\$ 37,698	\$ 136,987	\$ 176,489

CITY OF WASECA, MINNESOTA**INTERNAL SERVICE FUNDS****COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
FOR THE YEAR ENDED DECEMBER 31, 2014**

	Central Garage Services	Property & Liability Insurance Fund	Workers Compensation Insurance Fund	Total
Operating revenues:				
Charges to other funds	\$ 244,098	\$ 117,404	\$ 97,483	\$ 458,985
Insurance reimbursement	-	28,231	-	28,231
Total operating revenues	<u>244,098</u>	<u>145,635</u>	<u>97,483</u>	<u>487,216</u>
Operating expenses:				
Personal services	110,686	-	-	110,686
Supplies	129,414	-	-	129,414
Services and charges	3,998	-	-	3,998
Insurance payment	-	93,110	-	93,110
Insurance premiums	-	116,900	107,251	224,151
Total operating expenses	<u>244,098</u>	<u>210,010</u>	<u>107,251</u>	<u>561,359</u>
Operating income	-	(64,375)	(9,768)	(74,143)
Nonoperating revenues:				
Investment earnings	<u>1</u>	<u>684</u>	<u>945</u>	<u>1,630</u>
Change in net position	1	(63,691)	(8,823)	(72,513)
Total net position-beginning	<u>1,803</u>	<u>101,389</u>	<u>145,810</u>	<u>249,002</u>
Total net position-ending	<u>\$ 1,804</u>	<u>\$ 37,698</u>	<u>\$ 136,987</u>	<u>\$ 176,489</u>

CITY OF WASECA, MINNESOTA
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2014

	Central Garage Services	Property & Liability Insurance Fund	Workers Compensation Insurance Fund	Total
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash received from other funds and reimbursements	\$ 244,098	\$ 145,635	\$ 97,483	\$ 487,216
Cash payments to employees for services	(110,954)	-	-	(110,954)
Cash payments for interfund services used	(122,609)	(165,967)	(107,251)	(395,827)
Net cash provided (used) by operating activities	<u>10,535</u>	<u>(20,332)</u>	<u>(9,768)</u>	<u>(19,565)</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest on Investments	<u>1</u>	<u>684</u>	<u>945</u>	<u>1,630</u>
Net increase (decrease) in cash and cash equivalents	10,536	(19,648)	(8,823)	(17,935)
Cash and cash equivalents-January 1	10,373	101,389	145,810	257,572
Cash and cash equivalents-December 31	<u>\$ 20,909</u>	<u>\$ 81,741</u>	<u>\$ 136,987</u>	<u>\$ 239,637</u>
Reconciliation of operating income to net cash provided (used) by operating activities:				
Operating income	\$ -	\$ (64,375)	\$ (9,768)	\$ (74,143)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:				
Increase (decrease) in accounts payable	10,803	43,988	-	54,791
Increase (decrease) in due to other governments	-	55	-	55
Increase in accrued wages	(268)	-	-	(268)
Total adjustments	<u>10,535</u>	<u>44,043</u>	<u>-</u>	<u>54,578</u>
Net cash provided (used) by operating activities	<u>\$ 10,535</u>	<u>\$ (20,332)</u>	<u>\$ (9,768)</u>	<u>\$ (19,565)</u>

Component Units

Governmental

Economic Development Authority

This fund accounts for the activities of the Economic Development Authority of the City of Waseca. The EDA is governed by a five member board appointed by the City Council. It was created to undertake activities necessary to retain, promote, and attract economically sound industry and commerce within the City.

Proprietary

Housing and Redevelopment Authority

This fund accounts for the activities of the Housing and Redevelopment Authority of the City of Waseca. The HRA operates as a local government unit for the purpose of providing housing and redevelopment services to the local area. The governing body consists of a five member board appointed by the City Council.

ECONOMIC DEVELOPMENT AUTHORITY OF THE CITY OF WASECA
Balance Sheet
General Fund
December 31, 2014

	<u>2014</u>
ASSETS	
Cash and cash equivalents	\$ 559,486
Accounts receivable	2,000
Taxes receivable	1,645
Due from other governments	882
Land held for resale	<u>177,267</u>
TOTAL ASSETS	\$ <u>741,280</u>
LIABILITIES	
Accounts payable	<u>\$ 1,249</u>
DEFERRED INFLOWS OF RESOURCES	
Unavailable revenue - taxes	<u>1,645</u>
FUND BALANCES	
Nonspendable:	
Land held for resale	177,267
Restricted for:	
IRP Revolving Loan	125,000
RBEG Revolving Loan	102,020
Unassigned:	<u>334,099</u>
TOTAL FUND BALANCES	<u>738,386</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ <u>741,280</u>
Amounts reported for governmental activities in the Statement of Net Position are different because:	
Fund balance - governmental fund	\$ 738,386
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds.	(11,200)
Other long-term assets are not available to pay for current-period expenditures and, therefore, are unavailable in the funds.	<u>1,645</u>
Net position of governmental activities	\$ <u>728,831</u>

ECONOMIC DEVELOPMENT AUTHORITY OF THE CITY OF WASECA
Statement of Revenues, Expenditures and Changes in Fund Balance
General Fund
For the Year Ended December 31, 2014

	<u>2014</u>
REVENUES	
Taxes	\$ 79,336
Interest earnings	<u>2,847</u>
TOTAL REVENUES	<u>82,183</u>
EXPENDITURES	
Services and charges	21,019
Debt service principal	<u>5,600</u>
TOTAL EXPENDITURES	<u>26,619</u>
NET CHANGE IN FUND BALANCE	55,564
FUND BALANCE - BEGINNING	<u>682,822</u>
FUND BALANCE - ENDING	<u><u>\$ 738,386</u></u>

Amounts reported for governmental activities in the
Statement of Activities are different because:

Net change in fund balance - governmental fund	\$ 55,564
------------------------------------------------	-----------

The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes current financial resources of governmental funds. Neither transaction, however, has any effect on net position. This is the amount of repayments in the current period. Also, governmental funds report the effect of premiums and discounts when debt is first issued, whereas these amounts are amortized in the Statement of Activities.

Principal Paid	5,600
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Revenue (delinquent taxes unavailable revenue) in the Statement of Activities that does not provide current financial resources is not reported as revenue in the fund.	<u>(164)</u>
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Changes in net position of governmental activities	<u><u>\$ 61,000</u></u>
----------------------------------------------------	-------------------------

Housing and Redevelopment Authority of the City of Waseca
Statement of Net Position
Proprietary Funds
December 31, 2014

	<u>2014</u>
ASSETS	
Current Assets:	
Cash	\$ 254,036
Accounts Receivable/Interest Receivable	160
Investments	261,706
Prepaid Expenses	<u>14,337</u>
Total Current Assets	<u>530,239</u>
Noncurrent Assets	
Land	61,996
Buildings	2,169,578
Furniture, Equipment & Machinery - Dwelling Units	60,936
Furniture, Equipment & Machinery - Administration	87,595
Leasehold Improvements	110,173
Accumulated Depreciation	<u>(1,836,204)</u>
Total Noncurrent Assets	654,074
TOTAL ASSETS	\$ <u>1,184,313</u>
LIABILITIES AND NET POSITION	
Current Liabilities	
Accounts payable <= 90 days	\$ 2,525
Accrued compensated absences - current portion	1,943
Accounts payable - other government	16,236
Tenant security deposits	16,055
Accrued liabilities - other	<u>8,875</u>
Total liabilities	<u>45,634</u>
NET POSITION	
Net investment in capital assets	654,074
Unrestricted net position	<u>484,605</u>
Total net position	<u>1,138,679</u>
TOTAL LIABILITIES AND NET POSITION	\$ <u>1,184,313</u>

HOUSING AND REDEVELOPMENT AUTHORITY OF THE CITY OF WASECA
Statement of Revenues, Expenditures and Changes in Net Position
Proprietary Funds
For the Year Ended December 31, 2014

	<u>2014</u>
Operating Revenues	
Net tenant rental revenue	\$ 239,462
Tenant revenue - other	<u>13,502</u>
Total tenant revenue	252,964
HUD PHA operating grants	<u>113,062</u>
Total Operating Revenues	<u>366,026</u>
Operating Expenses	
Administration	82,089
Tenant services	500
Utilities	74,891
Ordinary maintenance and operations	125,070
General expenses	30,694
Depreciation	<u>88,350</u>
Total Operating Expenses	<u>401,594</u>
Operating Income (Loss)	(35,568)
Nonoperating Revenues (Expenses)	
Investment income - unrestricted	609
Gain on sale of fixed assets	<u>180</u>
Total Nonoperating Revenues (Expenses)	<u>789</u>
Income (loss) before capital grants	(34,779)
Capital grants	<u>5,003</u>
Change in Net Position	(29,776)
Net Position - Beginning	<u>1,168,455</u>
Net Position - Ending	<u><u>\$ 1,138,679</u></u>

HOUSING AND REDEVELOPMENT AUTHORITY OF THE CITY OF WASECA
Statement of Cash Flows
Proprietary Funds
For the Year Ended December 31, 2014

	<u>2014</u>
Cash Flows from Operations	
Cash received from tenants	\$ 252,716
Federal funds received	113,062
Cash paid to employees	(88,685)
Cash paid to suppliers	<u>(214,047)</u>
Total cash flow from operations	<u>63,046</u>
Cash Flows from Investing Activities	
Interest received	<u>609</u>
Cash Flows from Capital and Related Financing Activities	
Federal funds received - capital grants	5,003
Capital expenditures	<u>(14,158)</u>
Total cash flow from capital and related financing activities	<u>(9,155)</u>
 Total increase in cash	 54,500
Cash balance, beginning of year	<u>461,242</u>
Cash balance, end of year	<u><u>\$ 515,742</u></u>
Reconciliation of Operating Income (Loss) to Cash Flow from Operations	
Operating Income (Loss)	\$ (35,568)
Depreciation	88,350
Change in noncash current assets	11,751
Change in current liabilities	(599)
Other	<u>(888)</u>
Total cash flow from operations	<u><u>\$ 63,046</u></u>

CITY OF WASECA, MINNESOTA
CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS
SCHEDULE BY FUNCTION AND ACTIVITY

December 31, 2014

	Land	Buildings	Infrastructure	Construction in Progress	Improvements Other than Buildings	Equipment	Total
GENERAL GOVERNMENT							
Legislature	\$ -	\$ 79,601	\$ -	\$ -	\$ -	\$ 12,524	\$ 92,125
Finance	-	-	-	-	-	215,433	215,433
Buildings and grounds	191,461	3,534,031	-	17,309	30,867	77,660	3,851,328
Community Development	-	-	-	-	-	5,684	5,684
TOTAL GENERAL GOVERNMENT	191,461	3,613,632	-	17,309	30,867	311,301	4,164,570
PUBLIC SAFETY							
Police	-	31,741	-	-	-	410,017	441,758
Community Service	129,935	-	-	-	-	-	129,935
Civil defense	-	-	-	-	-	102,306	102,306
Fire	-	-	-	-	-	1,605,741	1,605,741
TOTAL PUBLIC SAFETY	129,935	31,741	-	-	-	2,118,064	2,279,740
HIGHWAYS							
Engineering	-	-	-	-	-	132,860	132,860
Street garage	25,980	158,885	-	-	60,030	2,613,603	2,858,498
Traffic signs and markings	-	-	-	-	53,116	-	53,116
Highways	128,861	33,443	30,024,214	783,452	-	-	30,969,970
TOTAL HIGHWAYS	154,841	192,328	30,024,214	783,452	113,146	2,746,463	34,014,444
RECREATION							
Park	441,104	343,418	1,492,042	34,819	2,062,770	500,673	4,874,826
Water Park	-	965,674	-	-	2,614,861	74,350	3,654,885
Library	2,675	327,110	-	85,521	7,215	18,965	441,486
TOTAL RECREATION	443,779	1,636,202	1,492,042	120,340	4,684,846	593,988	8,971,197
OTHER							
Airport	174,580	639,348	-	14,679	2,030,859	-	2,859,466
TOTAL GOVERNMENTAL FUND CAPITAL ASSETS	\$ 1,094,596	\$ 6,113,251	\$ 31,516,256	\$ 935,780	\$ 6,859,718	\$ 5,769,816	\$ 52,289,417

CITY OF WASECA, MINNESOTA
CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS
SCHEDULE OF CHANGES BY FUNCTION AND ACTIVITY

For the Year Ended December 31, 2014

	Beginning Balances	Adjustments	Additions	Deletions	Ending Balances
GENERAL GOVERNMENT					
Legislature	\$ 92,124	\$ 1	\$ -	\$ -	\$ 92,125
Finance	215,433	-	-	-	215,433
Buildings and grounds	1,475,031	(6,809)	2,615,542	(232,436)	3,851,328
Community Development	262,565	(256,881)	-	-	5,684
TOTAL GENERAL GOVERNMENT	<u>2,045,153</u>	<u>(263,689)</u>	<u>2,615,542</u>	<u>(232,436)</u>	<u>4,164,570</u>
PUBLIC SAFETY					
Police	2,281,612	-	90,835	(1,930,689)	441,758
Community Service	129,935	-	-	-	129,935
Civil defense	102,306	-	-	-	102,306
Fire	1,878,381	(273,334)	18,302	(17,608)	1,605,741
TOTAL PUBLIC SAFETY	<u>4,392,234</u>	<u>(273,334)</u>	<u>109,137</u>	<u>(1,948,297)</u>	<u>2,279,740</u>
HIGHWAYS					
Engineering	105,053	-	27,807	-	132,860
Street garage	2,538,134	8,721	449,182	(137,539)	2,858,498
Traffic signs and markings	53,116	-	-	-	53,116
Storm sewer	4,283,126	(4,283,126)	-	-	-
Loon Lake project	630,067	(630,067)	-	-	-
Highways	29,152,462	-	1,817,508	-	30,969,970
TOTAL HIGHWAYS	<u>36,761,958</u>	<u>(4,904,472)</u>	<u>2,294,497</u>	<u>(137,539)</u>	<u>34,014,444</u>
RECREATION					
Park	4,566,438	248,518	64,133	(4,263)	4,874,826
Water Park	3,620,097	25,756	9,032	-	3,654,885
Lake restoration	1,053,072	(1,053,072)	-	-	-
Library	355,967	-	85,519	-	441,486
TOTAL RECREATION	<u>9,595,574</u>	<u>(778,798)</u>	<u>158,684</u>	<u>(4,263)</u>	<u>8,971,197</u>
OTHER					
Airport	2,233,051	-	677,362	(50,947)	2,859,466
TOTAL GOVERNMENTAL FUND CAPITAL ASSETS	<u>\$ 55,027,970</u>	<u>\$ (6,220,293)</u>	<u>\$ 5,855,222</u>	<u>\$ (2,373,482)</u>	<u>\$ 52,289,417</u>

Statistical Section

This part of the City of Waseca's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and and required supplementary information says about the City's overall financial health.

<u>Contents</u>	<u>Page</u>
Financial Trends These schedules contain trend information to help the reader understand how the city's financial performance and well-being have changed over time.	122-125
Revenue Capacity These schedules contain information to help the reader assess the city's most significant local revenue source, the property tax.	126-129
Debt Capacity These schedules present information to help the reader assess the affordability of the city's current levels of outstanding debt and the city's ability to issue additional debt in the future.	130-136
Demographic and Economic Information These schedules offer demographic and economic indicators to help the reader understand the environment within which the city's financial activities take place.	137-138
Operating Information These schedules contain service and infrastructure data to help the reader understand how the information in the city's financial report relates to the services the city provides and the activities it performs.	139-141

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year.

City of Waseca

Net Position by Component,
Last Ten Fiscal Years
(accrual basis of accounting)

Schedule 1

	Fiscal Year									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Governmental activities										
Net Investment in capital assets	\$ 16,335,872	\$ 16,236,644	\$ 17,881,298	\$ 20,272,394	\$ 22,351,800	\$ 23,707,790	\$ 23,902,473	\$ 25,413,394	\$ 28,196,258	\$ 23,663,579
Restricted	-	-	-	-	-	-	3,074,107	2,515,866	1,305,426	3,000,951
Unrestricted	9,093,905	10,030,269	9,524,263	8,834,787	8,502,338	7,668,446	5,086,743	5,927,132	4,655,314	6,084,836
Total governmental activities net position	<u>\$ 25,429,777</u>	<u>\$ 26,266,913</u>	<u>\$ 27,405,561</u>	<u>\$ 29,107,181</u>	<u>\$ 30,854,138</u>	<u>\$ 31,376,236</u>	<u>\$ 32,063,323</u>	<u>\$ 33,856,392</u>	<u>\$ 34,156,998</u>	<u>\$ 32,749,366</u>
Business-type activities										
Net Investment in capital assets	\$ 14,577,318	\$ 15,675,302	\$ 16,002,097	\$ 14,779,935	\$ 21,358,800	\$ 21,501,762	\$ 21,725,944	\$ 22,522,560	\$ 22,627,509	\$ 25,591,737
Restricted	-	-	-	-	-	-	-	-	-	-
Unrestricted	3,405,055	4,336,621	4,943,963	5,691,494	7,119,219	8,332,100	8,620,898	8,869,226	8,567,098	8,105,324
Total business-type activities net position	<u>\$ 17,982,373</u>	<u>\$ 20,011,923</u>	<u>\$ 20,946,060</u>	<u>\$ 20,471,429</u>	<u>\$ 28,478,019</u>	<u>\$ 29,833,862</u>	<u>\$ 30,346,842</u>	<u>\$ 31,391,786</u>	<u>\$ 31,194,607</u>	<u>\$ 33,697,061</u>
Primary government										
Net Investment in capital assets	\$ 30,913,190	\$ 31,911,946	\$ 33,883,395	\$ 35,052,329	\$ 43,710,600	\$ 45,209,552	\$ 45,628,417	\$ 47,935,954	\$ 50,823,767	\$ 49,255,316
Restricted	-	-	-	-	-	-	3,074,107	2,515,866	1,305,426	3,000,951
Unrestricted	12,498,960	14,366,890	14,468,226	14,526,281	15,621,557	16,000,546	13,707,641	14,796,358	13,222,412	14,190,160
Total primary government net position	<u>\$ 43,412,150</u>	<u>\$ 46,278,836</u>	<u>\$ 48,351,621</u>	<u>\$ 49,578,610</u>	<u>\$ 59,332,157</u>	<u>\$ 61,210,098</u>	<u>\$ 62,410,165</u>	<u>\$ 65,248,178</u>	<u>\$ 65,351,605</u>	<u>\$ 66,446,427</u>

City of Waseca

Changes in Net Position, Last Ten Fiscal Years
(accrual basis of accounting)

Schedule 2

	Fiscal Year									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Expenses										
Governmental activities:										
General government	\$ 1,091,996	\$ 1,159,811	\$ 2,280,264	\$ 2,004,479	\$ 1,296,041	\$ 1,466,726	\$ 1,557,455	\$ 1,453,361	\$ 1,311,191	\$ 1,450,120
Public safety	1,861,117	2,010,994	2,088,838	2,212,658	2,269,907	2,239,732	2,234,708	2,313,626	2,385,006	2,626,754
Streets and highways	2,043,056	1,421,344	2,075,077	2,165,581	2,197,469	2,303,749	2,221,251	2,266,354	2,657,336	2,348,043
Sanitation	31,339	44,022	47,005	49,926	61,785	36,085	51,755	48,998	37,434	43,942
Culture and recreation	852,982	1,221,345	1,024,144	1,028,410	1,323,007	1,196,169	1,198,836	993,011	1,221,298	1,173,439
Economic Development	1,129,979	539,282	-	-	635,338	160,660	519,045	313,701	442,247	343,547
Interest and fees	180,485	312,347	319,465	287,660	252,348	220,444	198,114	154,439	132,580	223,502
Airport	-	-	-	-	-	-	-	-	150,248	135,732
Other	-	-	-	-	-	-	-	-	127,292	168,451
Total governmental activities expenses	<u>7,190,954</u>	<u>6,709,145</u>	<u>7,834,793</u>	<u>7,748,714</u>	<u>8,035,895</u>	<u>7,623,565</u>	<u>7,981,164</u>	<u>7,543,490</u>	<u>8,464,632</u>	<u>8,513,530</u>
Business-type activities:										
Water	947,391	922,119	904,267	888,636	913,070	945,826	927,153	941,724	968,149	1,057,817
Sewer	1,535,319	1,688,033	1,760,499	1,503,280	1,474,211	1,847,497	1,766,602	2,083,325	2,432,682	2,550,773
Electric	5,076,255	5,552,176	6,176,515	5,994,670	5,752,967	6,244,546	6,247,453	6,563,897	6,282,197	5,992,829
Surface water	-	-	-	-	-	-	-	-	-	223,549
Airport	74,107	94,060	122,108	-	-	-	-	-	-	-
Total business-type activities expenses	<u>7,633,072</u>	<u>8,256,388</u>	<u>8,963,389</u>	<u>8,386,586</u>	<u>8,140,248</u>	<u>9,037,869</u>	<u>8,941,208</u>	<u>9,588,946</u>	<u>9,683,028</u>	<u>9,824,968</u>
Total primary government expenses	<u>\$ 14,824,026</u>	<u>\$ 14,965,533</u>	<u>\$ 16,798,182</u>	<u>\$ 16,135,300</u>	<u>\$ 16,176,143</u>	<u>\$ 16,661,434</u>	<u>\$ 16,922,372</u>	<u>\$ 17,132,436</u>	<u>\$ 18,147,660</u>	<u>\$ 18,338,498</u>
Program Revenues										
Governmental activities:										
Charges for services:										
General government	\$ 453,457	\$ 215,934	\$ 135,046	\$ 239,736	\$ 244,770	\$ 382,223	\$ 124,632	\$ 115,631	\$ 128,304	\$ 150,630
Public safety	102,154	122,199	168,311	149,800	116,263	15,895	166,587	193,285	157,290	156,120
Streets and highways	6,918	12,631	2,090	5,665	47,158	113,226	-	-	-	-
Culture and recreation	15,607	9,070	216,861	186,727	130,739	244,657	249,828	251,638	150,269	145,208
Economic Development	-	577	-	-	-	-	-	-	-	-
Airport	-	-	-	-	-	-	-	-	133,251	127,100
Operating grants and contributions	1,775,034	1,313,662	768,514	518,481	657,632	657,831	983,062	1,067,147	934,697	1,372,862
Capital grants and contributions	1,192,075	359,661	187,414	273,571	1,689,262	186,410	589,849	1,024,240	463,360	957,390
Total governmental activities program revenues	<u>3,545,245</u>	<u>2,033,734</u>	<u>1,478,236</u>	<u>1,373,980</u>	<u>2,885,824</u>	<u>1,600,242</u>	<u>2,113,958</u>	<u>2,651,941</u>	<u>1,967,171</u>	<u>2,909,310</u>
Business-type activities:										
Charges for services:										
Water	1,315,280	1,146,093	1,248,324	1,158,726	1,171,451	1,123,628	1,077,476	1,140,659	1,051,180	1,124,343
Sewer	1,796,985	1,715,748	1,708,700	1,658,274	2,375,457	2,092,247	1,979,062	2,041,173	1,994,116	1,965,329
Electric	5,181,406	6,127,135	6,876,970	6,812,270	6,682,100	7,179,391	6,703,294	7,007,456	6,859,913	6,748,614
Surface water	-	-	-	-	-	-	-	-	-	106,104
Airport	49,811	50,057	50,772	-	-	-	-	-	-	-
Operating grants and contributions	246,303	355,861	335,933	-	-	-	-	-	-	17,665
Capital grants and contributions	-	649,171	81,132	-	6,070,552	333,514	100,984	244,532	-	26,500
Total business-type activities program revenues	<u>8,589,785</u>	<u>10,044,065</u>	<u>10,301,831</u>	<u>9,629,270</u>	<u>16,299,560</u>	<u>10,728,780</u>	<u>9,860,816</u>	<u>10,433,820</u>	<u>9,905,209</u>	<u>9,988,555</u>
Total primary government program revenues	<u>\$ 12,135,030</u>	<u>\$ 12,077,799</u>	<u>\$ 11,780,067</u>	<u>\$ 11,003,250</u>	<u>\$ 19,185,384</u>	<u>\$ 12,329,022</u>	<u>\$ 11,974,774</u>	<u>\$ 13,085,761</u>	<u>\$ 11,872,380</u>	<u>\$ 12,897,865</u>
Net (Expense) Revenue										
Governmental activities	\$ (3,645,709)	\$ (4,675,411)	\$ (6,356,557)	\$ (6,374,734)	\$ (5,150,071)	\$ (6,023,323)	\$ (5,867,206)	\$ (4,891,549)	\$ (6,497,461)	\$ (5,604,220)
Business-type activities	956,713	1,787,677	1,338,442	1,242,684	8,159,312	1,690,911	919,608	844,874	222,181	163,587
Total primary government net expense	<u>\$ (2,688,996)</u>	<u>\$ (2,887,734)</u>	<u>\$ (5,018,115)</u>	<u>\$ (5,132,050)</u>	<u>\$ 3,009,241</u>	<u>\$ (4,332,412)</u>	<u>\$ (4,947,598)</u>	<u>\$ (4,046,675)</u>	<u>\$ (6,275,280)</u>	<u>\$ (5,440,633)</u>
General Revenues and Other Changes in Net Position										
Governmental activities:										
Taxes - general	\$ 2,298,671	\$ 2,482,823	\$ 2,894,168	\$ 3,281,362	\$ 3,581,471	\$ 3,226,835	\$ 3,193,209	\$ 3,496,084	\$ 3,487,983	\$ 3,227,394
Taxes - debt service	-	-	-	-	-	-	-	-	-	208,866
TIF Revenue	187,696	238,302	230,464	220,056	234,786	237,501	227,291	249,889	269,351	270,383
Lodging taxes	-	-	-	-	-	-	25,973	19,561	20,787	29,710
Franchise taxes	179,111	153,262	173,836	194,268	194,268	195,858	202,024	202,164	205,519	211,599
Unrestricted grants and contributions	2,119,870	2,331,377	2,848,079	2,256,322	2,496,349	2,358,118	2,359,621	2,273,651	2,273,651	2,631,156
Unrestricted investment earnings	226,697	383,959	310,848	231,281	118,050	82,376	72,874	61,192	40,550	44,033
Gain on disposal of assets	230,111	-	-	3,855	-	-	6,590	2,910	8,664	2,998
Loss on sale of fixed assets	-	-	-	-	-	-	-	-	-	-
Contributions of capital assets	-	-	-	-	-	-	-	-	-	(2,697,428)
Transfers	(826,637)	(77,176)	607,044	1,889,210	272,104	444,733	466,711	455,042	491,562	419,528
Total governmental activities	<u>4,415,519</u>	<u>5,512,547</u>	<u>7,064,439</u>	<u>8,076,354</u>	<u>6,897,028</u>	<u>6,545,421</u>	<u>6,554,293</u>	<u>6,760,493</u>	<u>6,798,067</u>	<u>4,348,239</u>
Business-type activities:										
Unrestricted investment earnings	143,443	164,697	202,739	168,498	119,382	109,665	56,393	41,921	49,169	49,512
Gain on disposal of assets	-	-	-	3,397	-	-	3,690	-	23,033	11,455
Contributions of capital assets	-	-	-	-	-	-	-	-	-	2,697,428
Transfers	826,637	77,176	(607,044)	(1,889,210)	(272,104)	(444,733)	(466,711)	(455,042)	(491,562)	(419,528)
Total business-type activities	<u>970,080</u>	<u>241,873</u>	<u>(404,305)</u>	<u>(1,717,315)</u>	<u>(152,722)</u>	<u>(335,068)</u>	<u>(406,628)</u>	<u>(413,121)</u>	<u>(419,360)</u>	<u>2,338,867</u>
Total primary government	<u>\$ 5,385,599</u>	<u>\$ 5,754,420</u>	<u>\$ 6,660,134</u>	<u>\$ 6,359,039</u>	<u>\$ 6,744,306</u>	<u>\$ 6,210,353</u>	<u>\$ 6,147,665</u>	<u>\$ 6,347,372</u>	<u>\$ 6,378,707</u>	<u>\$ 6,478,240</u>
Change in Net Position										
Governmental activities	\$ 769,810	\$ 837,136	\$ 707,882	\$ 1,701,620	\$ 1,746,957	\$ 522,095	\$ 687,087	\$ 1,868,944	\$ 300,606	\$ (1,255,981)
Business-type activities	1,926,793	2,029,550	934,137	(474,631)	8,006,590	1,355,843	512,980	431,753	(197,179)	2,502,454
Total primary government	<u>\$ 2,696,603</u>	<u>\$ 2,866,686</u>	<u>\$ 1,642,019</u>	<u>\$ 1,226,989</u>	<u>\$ 9,753,547</u>	<u>\$ 1,877,938</u>	<u>\$ 1,200,067</u>	<u>\$ 2,300,697</u>	<u>\$ 103,427</u>	<u>\$ 1,246,473</u>

City of Waseca
Schedule 3

Fund Balances, Governmental Funds,
Last Ten Fiscal Years
(modified accrual basis of accounting)

	Fiscal Year									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
General Fund										
Nonspendable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 50,000	\$ -	\$ -	\$ 80,000
Reserved	-	200,000	180,000	160,000	120,000	120,000	-	-	-	-
Restricted for:										
Parkland dedication	-	-	-	-	-	-	-	-	38,905	78,403
PEG Channel	-	-	-	-	-	-	-	-	-	13,245
Assigned	-	-	-	-	-	-	17,000	17,000	-	-
Unassigned	-	-	-	-	-	-	2,947,330	3,324,936	3,007,118	3,078,746
Unreserved	2,546,196	2,823,693	2,548,931	2,321,883	2,577,264	2,505,772	-	-	-	-
Total General fund	<u>\$ 2,546,196</u>	<u>\$ 3,023,693</u>	<u>\$ 2,728,931</u>	<u>\$ 2,481,883</u>	<u>\$ 2,697,264</u>	<u>\$ 2,625,772</u>	<u>\$ 3,014,330</u>	<u>\$ 3,341,936</u>	<u>\$ 3,046,023</u>	<u>\$ 3,250,394</u>
All Other Governmental Funds										
Restricted for:										
Debt Service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,351,232	\$ 805,876	\$ 110,923	\$ 1,576,552
Clear Lake Press Fund	-	-	-	-	-	-	165,693	179,862	197,295	137,656
Revolving Loan	-	-	-	-	-	-	24,421	26,951	10,495	88,922
TIF Funds	-	-	-	-	-	-	228,596	321,832	406,374	500,303
Historical Preservation	-	-	-	-	-	-	1,691	908	2,687	18
Police Safe Haven	-	-	-	-	-	-	-	-	1,379	3,546
Police Crime Victims	-	-	-	-	-	-	7,307	19,921	19,656	0
Police Forfeitures	-	-	-	-	-	-	50,929	67,553	50,974	56,436
Municipal State Aid	-	-	-	-	-	-	894,284	878,431	469,957	591,382
Reserved, reported in:										
Special Revenue funds	32,107	32,107	32,107	23,000	3,000	3,000	-	-	-	-
Capital Projects funds	1,142,609	1,142,609	1,145,882	1,145,882	960,467	960,467	-	-	-	-
Debt Service funds	1,857,235	1,558,908	150,000	100,000	-	-	-	-	-	-
Committed to:										
Airport	-	-	-	-	-	-	177,226	190,707	242,463	302,284
Police Reserves	-	-	-	-	-	-	824	955	458	148
Police Explorers	-	-	-	-	-	-	297	136	-	-
Waseca Housing Fund	-	-	-	-	-	-	123,502	84,151	97,801	69,451
Assigned to:										
Capital Projects funds	-	-	-	-	-	-	523,347	799,981	994,667	2,050,884
NW Commercial Development	-	-	-	-	-	-	1,114,782	1,115,663	1,116,693	1,117,737
Annexation & Growth	-	-	-	-	-	-	256,273	249,387	248,648	243,221
Equipment Replacement	-	-	-	-	-	-	201,808	273,175	194,913	205,563
Future Projects	-	-	-	-	-	-	-	-	243,645	421,370
Operations	-	-	-	-	-	-	178,396	184,261	143,859	143,661
Highway 14 Reconstruction	-	-	-	-	-	-	-	-	50,151	38,514
Library Remodel	-	-	-	-	-	-	-	-	-	8,696
Unassigned to:										
Unassigned	-	-	-	-	-	-	(44,841)	(69,893)	(1,595,500)	(13,808)
Unreserved, reported in:										
Special Revenue funds	741,627	889,963	569,543	661,021	650,562	820,311	-	-	-	-
Capital Projects funds	3,088,718	2,331,803	2,061,714	1,881,534	1,965,787	2,188,310	-	-	-	-
Debt Service funds	-	(37,180)	1,857,287	1,505,681	1,366,852	1,124,998	-	-	-	-
Total all other Governmental funds	<u>\$ 6,862,296</u>	<u>\$ 5,918,210</u>	<u>\$ 5,816,533</u>	<u>\$ 5,317,118</u>	<u>\$ 4,946,668</u>	<u>\$ 5,097,086</u>	<u>\$ 5,255,767</u>	<u>\$ 5,129,857</u>	<u>\$ 3,007,538</u>	<u>\$ 7,542,536</u>
Total all funds	<u>\$ 9,408,492</u>	<u>\$ 8,941,903</u>	<u>\$ 8,545,464</u>	<u>\$ 7,799,001</u>	<u>\$ 7,643,932</u>	<u>\$ 7,722,858</u>	<u>\$ 8,270,097</u>	<u>\$ 8,471,793</u>	<u>\$ 6,053,561</u>	<u>\$ 10,792,930</u>

Note: In fiscal year 2011, the fund balance classifications were changed to conform to the requirements of GASB 54. In fiscal year 2011, the Equipment Replacement fund was reclassified from an Internal Service fund to a Capital Project fund.

City of Waseca
Schedule 4

Changes in Fund Balances, Governmental Funds,
Last Ten Fiscal Years
(modified accrual basis of accounting)

	Fiscal Year									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
REVENUES										
Taxes	\$ 2,464,132	\$ 2,825,538	\$ 3,258,358	\$ 3,395,772	\$ 3,684,322	\$ 3,663,548	\$ 3,640,771	\$ 3,974,120	\$ 4,004,044	\$ 3,957,954
Licenses	42,797	42,568	53,470	42,007	34,859	34,869	48,744	40,999	52,205	56,769
Permits and fees	264,112	136,202	79,324	102,834	96,938	84,736	121,286	135,744	114,455	139,247
Intergovernmental	4,017,916	2,893,622	3,372,522	3,056,868	3,406,843	3,066,632	3,397,557	3,728,615	3,288,940	4,469,623
Charges for services	20,663	40,357	62,238	45,477	38,809	28,763	35,061	30,886	30,287	23,713
Program income	-	-	210,116	232,231	201,123	238,020	238,008	245,099	277,916	269,125
Fines	36,300	30,883	46,019	48,749	40,415	51,476	57,007	65,825	53,351	26,559
Assessments	313,129	55,204	235,363	158,552	223,682	228,838	266,083	339,732	276,661	286,732
Interest on assessments	40,427	66,467	58,803	47,008	39,864	35,084	90	-	-	-
Contributions	-	750,000	297,683	109,688	37,815	35,750	22,940	22,239	25,074	51,635
Miscellaneous	929,396	717,097	430,203	357,647	254,806	346,608	274,700	245,659	245,403	257,340
Total revenues	8,128,872	7,557,938	8,104,099	7,596,833	8,059,476	7,814,324	8,102,247	8,828,918	8,368,336	9,538,697
EXPENDITURES										
Current:										
General government	1,181,744	1,026,769	1,178,699	1,151,143	1,180,094	1,135,233	1,179,384	1,150,309	1,202,393	1,324,419
Public safety	1,829,735	1,799,213	2,478,926	1,995,933	2,092,219	2,129,972	2,118,240	2,190,280	2,268,008	2,420,384
Streets and highways	1,207,404	1,107,890	1,316,224	1,288,425	1,257,170	1,351,369	1,347,788	1,662,948	1,636,017	1,696,586
Sanitation	31,339	44,022	47,005	49,926	61,784	36,085	51,755	48,998	37,434	43,942
Cultural and recreation	697,503	651,729	690,852	714,532	719,001	899,515	909,091	908,187	966,410	854,458
Personal services	-	573	133,806	129,738	141,467	-	-	-	-	-
Materials and supplies	1,208	11,640	99,368	56,632	50,562	-	-	-	-	-
Separation contribution	1,600	2,099	1,000	2,100	500	-	-	-	-	-
Services and charges	1,050,493	894,185	480,578	474,809	420,138	-	-	-	-	-
Economic development	-	-	-	-	185,415	160,391	518,592	280,558	441,927	337,229
Other services	228,528	235,345	253,972	272,582	199,903	211,363	208,087	161,652	189,299	168,451
Airport	-	-	-	-	-	73,084	60,360	61,446	68,916	66,034
Debt service:										
Bond principal	290,000	795,000	820,000	940,000	925,000	660,000	630,000	430,000	840,000	355,000
Interest and fiscal charges	154,019	240,252	326,795	287,660	250,956	220,156	193,956	165,447	140,220	112,201
Bond issue costs	-	-	-	-	-	-	-	-	-	118,566
Capital outlay	2,519,022	3,475,118	1,281,475	1,240,058	721,016	948,399	1,416,408	1,482,689	3,496,170	3,587,166
Total expenditures	9,192,595	10,283,835	9,108,700	8,603,538	8,205,225	7,825,567	8,633,661	8,542,514	11,286,794	11,084,436
Excess of revenues over (under) expenditures	(1,063,723)	(2,725,897)	(1,004,601)	(1,006,705)	(145,749)	(11,243)	(531,414)	286,404	(2,918,458)	(1,545,739)
OTHER FINANCING SOURCES (USES)										
Transfers in	1,333,506	1,889,824	3,618,983	1,656,516	1,442,257	1,410,511	1,876,988	2,017,180	3,099,822	2,400,381
Proceeds from equipment notes	425,000	-	-	-	-	-	-	-	-	-
Proceeds from bond issue	2,940,000	2,040,000	-	-	-	-	430,000	-	-	5,500,000
Payment of refunding bonds	-	-	-	-	-	-	-	(545,000)	-	-
Premium on bonds sold	1,700	-	-	-	-	-	-	-	-	242,096
Sale of capital assets	-	-	1,118	3,855	4,576	-	6,590	5,250	8,664	6,924
Sale of land	597,735	-	-	-	-	-	-	-	-	-
Bond discount	(20,589)	(3,516)	-	-	-	-	(14,763)	-	-	-
Transfers out	(1,917,083)	(1,667,000)	(3,011,939)	(1,400,129)	(1,456,153)	(1,320,342)	(1,410,277)	(1,562,138)	(2,608,260)	(1,980,853)
Total other financing sources (uses)	3,360,269	2,259,308	608,162	260,242	(9,320)	90,169	888,538	(84,708)	500,226	6,168,548
Net change in fund balances	\$ 2,296,546	\$ (466,589)	\$ (396,439)	\$ (746,463)	\$ (155,069)	\$ 78,926	\$ 357,124	\$ 201,696	\$ (2,418,232)	\$ 4,622,809
Debt service as a percentage of noncapital expenditures	6.7%	17.0%	15.5%	17.3%	16.5%	13.1%	11.6%	9.0%	12.8%	6.5%

City of Waseca**Schedule 5**

Assessed and Actual Value of Taxable Property,
Last Ten Fiscal Years

Payable Year	Residential Property	Commercial Property	Industrial Property	Total Assessed Value	Taxable Market Value (1)	Total Direct Tax Rate
2005	\$ 303,603,400	\$ 45,683,500	\$ 19,997,700	\$ 369,284,600	\$ 369,284,600	53.81
2006	314,479,800	46,497,600	20,803,000	381,780,400	381,780,400	57.21
2007	344,962,700	54,063,300	21,468,000	420,494,000	420,494,000	63.10
2008	357,679,000	54,801,100	22,285,800	434,765,900	434,765,900	63.58
2009	365,866,800	55,418,600	23,113,700	444,399,100	444,399,100	66.01
2010	373,709,300	56,241,100	22,848,800	452,799,200	452,799,200	64.20
2011	373,700,400	56,667,600	23,245,300	453,613,300	453,613,300	63.70
2012	362,252,200	55,681,400	23,245,300	441,178,900	384,528,900	73.70
2013	350,773,365	56,785,900	22,889,300	430,448,565	370,682,100	75.36
2014	352,506,683	56,004,000	20,847,600	429,358,283	374,889,900	75.55

Source: Waseca County, Minnesota Assessors' Office

Notes:

- (1) Beginning with property taxes payable in 2012 the State of Minnesota replaced the Market Value Homestead Credit with a Market Value Exclusion program. Qualified homeowners receive an exclusion of a portion of the market value of their home. For homes valued at less than \$76,000, the exclusion is equal to 40 percent of the home's market value. For homes values between \$76,000 and \$413,800 the exclusion is \$30,400, minus 9 percent of the value over \$76,000. The new market value exclusion for homes resulted in a reduction in each city's tax base and an increase in the city's tax rate to obtain the same property tax levy. Taxable market value was reduced by this exclusion.

City of Waseca
Direct and Overlapping Property Tax Rates

Last Ten Fiscal Years

(rate per \$1,000 of assessed value)

Schedule 6

Fiscal Year	City Direct Rate			Overlapping Rates						Total Direct and Overlapping Tax Rate
	Operating Rate	Debt Service Rate	Total Direct Rate	Ind School District #829	Waseca County (1)	Special Districts	HRA (1)	EDA	Total Overlapping	
2005	- %	- %	53.81 %	20.74 %	55.30 %	0.24 %	0.54 %	- %	76.82 %	130.63
2006	-	-	57.21	21.15	54.90	0.22	0.47	0.98	77.72	134.93
2007	56.95	6.15	63.10	22.27	52.99	0.20	0.43	0.93	76.82	139.92
2008	57.28	6.31	63.59	24.08	54.30	0.20	0.42	0.90	79.90	143.49
2009	57.24	8.77	66.01	23.06	54.15	0.19	0.41	0.89	78.70	144.71
2010	60.53	3.68	64.21	19.46	51.55	0.18	-	0.88	72.07	136.28
2011	60.06	3.64	63.70	19.15	49.84	0.18	-	1.59	70.76	134.46
2012 (2)	69.59	4.11	73.70	21.34	54.80	0.20	-	1.81	78.15	151.85
2013	71.06	4.30	75.36	20.83	54.62	0.19	-	1.61	77.25	152.61
2014	71.35	4.20	75.55	17.96	49.84	1.63	-	1.83	71.26	146.81

Source: Waseca County, Minnesota Auditors' Office

Notes: (1) As of 2010 HRA included in Waseca County

(2) Beginning with property taxes payable in 2012 the State of Minnesota replaced the Market Value Homestead Credit with a Market Value Exclusion program. Qualified homeowners receive an exclusion of a portion of the market value of their home. For homes valued at less than \$76,000, the exclusion is equal to 40 percent of the home's market value. For homes values between \$76,000 and \$413,800 the exclusion is \$30,400, minus 9 percent of the value over \$76,000. The new market value exclusion for homes resulted in a reduction in each city's tax base and an increase in the city's tax rate to obtain the same property tax levy. Taxable market value was reduced by this exclusion.

City of Waseca
Principal Property Taxpayers,
Current Year and Ten Years Ago

Schedule 7

Taxpayer	Type of Property	2014			2005		
		Net Tax Capacity	Rank	Percentage of Total City Taxable Net Tax Capacity	Net Tax Capacity	Rank	Percentage of Total City Taxable Net Tax Capacity
Brown Printing Co.	Printing & Publishing	\$ 129,250	1	2.87%	\$ 141,516	1	3.13%
Northern States Power	Utility	86,572	2	1.92%	44,358	6	
WalMart	Retail	85,696	3	1.90%			
Alliance Development Corp	Industrial	64,558	4	1.43%			
Birds Eye Foods Inc	Vegetable Processing	49,852	5	1.11%	46,518	5	
Waseca Properties LLC	Radio Manufacturing	48,345	6	1.07%	47,727	4	1.06%
Woodville Holdings LLC	Manufacturing	38,844	7	0.86%	28,641	8	0.63%
Gary & Kathy Worke Family LLC	Residential	36,639	8	0.81%			
FHS Waseca/Portage LP	Commercial	31,918	9	0.71%	60,550	3	1.34%
Clear Lake Press Inc	Printing & Publishing	31,260	10	0.69%			
MHW Group LLC	Freezer Warehouse				64,458	2	1.43%
Roundbank	Banking	110,923			32,456	7	0.72%
Waseca Foods	Food Packaging				27,153	10	0.60%
First National Bank	Banking				28,148	9	0.62%
Total		<u>\$ 713,857</u>		<u>13.37%</u>	<u>\$ 521,525</u>		<u>9.53%</u>
Total tax capacity				<u>\$ 4,507,462</u>			<u>\$ 4,515,631</u>

Source: Waseca County, Minnesota Assessor's Office

City of Waseca**Schedule 8**

Property Tax Levies and Collections
Last Ten Fiscal Years

Fiscal Year	Taxes Levied for the Fiscal Year		Collected within the Fiscal Year of Levy		Collected and/or Abated in Subsequent Years	Total Collected and/or Abated to Date	
	Levy	Net Levy*	Amount	Percentage of Levy	Amount	Amount	Percentage of Levy
2005	\$ 2,274,374	\$ 2,005,734	\$ 1,978,763	98.66%	\$ 26,842	\$ 2,005,605	99.99%
2006	2,748,986	2,224,485	2,195,033	98.68%	29,289	2,224,322	99.99%
2007	3,043,204	2,752,073	2,697,479	98.02%	54,385	2,751,864	99.99%
2008	3,182,173	2,899,198	2,840,941	97.99%	57,923	2,898,864	99.99%
2009	3,490,002	3,201,235	3,132,434	97.85%	68,500	3,200,934	99.99%
2010	3,449,889	3,141,628	3,087,830	98.29%	53,358	3,141,188	99.99%
2011	3,436,866	3,140,266	3,076,042	97.95%	63,490	3,139,532	99.98%
2012	3,436,866	3,436,889	3,384,833	98.49%	51,404	3,436,237	99.98%
2013	3,419,682	3,419,682	3,377,645	98.77%	40,877	3,418,522	99.97%
2014	3,507,906	3,507,906	3,470,713	98.94%	-	3,470,713	98.94%

* The net tax levy excludes state aid for property tax relief and fiscal disparities, if applicable. The net tax levy is the basis for computing tax capacity rates.

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City of Waseca

Schedule 9

Ratios of Outstanding Debt by Type
Last Ten Fiscal Years

Fiscal Year	Governmental Activities				Business-Type Activities		Total Outstanding Debt	Percentage of Personal Income	Population	Per Capita
	Special Assessments Bonds	General Obligation Bonds	G.O. Equipment Certificates	Capital Leases	General Obligation Revenue Bonds	General Obligation Revenue Notes				
2005	\$ 2,863,372	\$ 2,920,111	\$ 1,274,694	\$ -	\$ 6,888,150	\$ -	\$ 13,946,327	2.57%	9,711	\$ 1,436
2006	2,479,064	4,873,243	949,887	-	4,817,612	-	13,119,806	2.39%	9,711	1,351.03
2007	2,114,756	4,754,962	615,080	-	4,410,865	-	11,895,663	2.04%	9,828	1,210.38
2008	1,755,446	4,521,681	270,272	-	3,999,118	-	10,546,517	1.61%	9,827	1,073.22
2009	1,401,137	4,223,399	-	-	3,656,544	381,163	9,662,243	1.49%	9,789	987.05
2010	1,041,828	3,925,117	-	-	3,303,970	6,704,144	14,975,059	2.20%	9,410	1,591.40
2011	727,520	4,039,182	-	-	3,478,739	8,060,462	16,305,903	2.22%	9,410	1,732.83
2012	493,213	3,301,432	-	-	2,581,608	8,204,000	14,580,253	1.84%	9,410	1,549.44
2013	-	2,959,216	-	-	2,183,007	7,815,000	12,957,223	1.73%	9,410	1,376.96
2014	-	8,348,376	-	-	2,661,585	7,416,000	18,425,961	N/A	9,410	1,958.13

Notes: Details regarding the District's outstanding debt can be found in the notes to the financial statements. See the Demographic and Economic Statistics schedule on Schedule 14 for personal income and population data.

City of Waseca**Schedule 10**
**Ratios of General Bonded Debt Outstanding
Last Ten Fiscal Years**

Fiscal Year	Governmental Activities			Percentage of Taxable Market Value (3)	Net Total Per Capita (4)
	General Obligation Bonds (1)	Less: Amounts Available in Debt Service Fund (2)	Net Total		
2005	\$ 11,082,955	\$ 1,857,235	\$ 9,225,720	2.50%	\$ 950.03
2006	10,640,742	1,558,908	9,081,834	2.38%	935.21
2007	9,780,907	2,007,287	7,773,620	1.85%	790.97
2008	8,791,071	1,605,681	7,185,390	1.65%	731.19
2009	8,261,106	1,366,852	6,894,254	1.55%	704.29
2010	13,933,231	1,124,998	12,808,233	2.83%	1,361.13
2011	15,578,383	1,351,232	14,227,151	3.14%	1,511.92
2012	14,087,040	805,876	13,281,164	3.45%	1,411.39
2013	12,957,223	110,923	12,846,300	3.47%	1,365.18
2014	18,425,961	1,576,552	16,849,409	4.49%	1,790.59

Note: Details regarding the city's outstanding debt can be found in the notes to the financial statements.

- (1) This is the general bonded debt of both governmental and business-type activities, net of original issuance discounts and premiums.
- (2) This is the amount restricted for debt service principal payments
- (3) See the Schedule of Assessed Value and the Estimated Actual Value of Taxable Property on page 119 for property value data.
- (4) Population data can be found in the Schedule of Demographic and Economic Statistics on page 129.

City of Waseca

Direct and Overlapping Governmental Activities Debt

As of December 31, 2014

Schedule 11

	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable</u>	<u>Estimated Share of Overlapping Debt</u>
Overlapping:			
Waseca County	\$ 3,365,000	25.3%	\$ 851,345
Ind School District #829	11,805,000	49.3%	<u>4,864,170</u>
Total Overlapping			<u>5,715,515</u>
City of Waseca Direct Debt	\$ 8,348,376	100.00%	<u>\$ 8,348,376</u>
Total Direct and Overlapping Debt:			<u><u>\$ 14,063,891</u></u>

Sources: Waseca County Auditor's Office

Notes: Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the City. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of the City. This process recognizes that, when considering the City's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account. However, this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt, of each overlapping government. Overlapping portion determined by ratio of assessed valuation of property subject to taxation in the City to valuation of property subject to taxation in overlapping unit.

City of Waseca
Legal Debt Margin Information
Last Ten Fiscal Years

	2005	2006	2007	2008	2009
Debt limit	\$ 7,905,674	\$ 7,635,608	\$ 8,409,880	\$ 13,042,977	\$ 13,331,973
Total net debt applicable to limit	4,215,000	5,845,000	5,390,000	4,810,000	4,240,000
Legal debt margin	<u>\$ 3,690,674</u>	<u>\$ 1,790,608</u>	<u>\$ 3,019,880</u>	<u>\$ 8,232,977</u>	<u>\$ 9,091,973</u>
Total net debt applicable to the limit as a percentage of debt limit	53.32%	76.55%	64.09%	36.88%	31.80%

Minn. Stat. Section 475.53 state that except as otherwise provided in sections 475.51 to 475.74, no municipality, except a school district or a city of the first class, shall incur or be subject to a net debt in excess of three percent of the market value. In years prior to and including 2007 this limit was two percent.

Beginning with property taxes payable in 2012 the State of Minnesota replaced the Market Value Homestead Credit with a Market Value Exclusion program. Qualified homeowners receive an exclusion of a portion of the market value of their home. For homes valued at less than \$76,000, the exclusion is equal to 40 percent of the home's market value. For homes values between \$76,000 and \$413,800 the exclusion is \$30,400, minus 9 percent of the value over \$76,000. the new market value exclusion for homes resulted in a reduction in each city's tax base and an increase in the city's tax rate to obtain the same property tax levy. Taxable market value was reduced by this exclusion.

Schedule 12

2010	2011	2012	2013	2014
\$ 13,583,976	\$ 13,608,399	\$ 11,535,867	\$ 11,120,463	\$ 11,246,697
3,940,000	2,866,871	2,130,000	1,910,000	7,185,000
<u>\$ 9,643,976</u>	<u>\$ 10,741,528</u>	<u>\$ 9,405,867</u>	<u>\$ 9,210,463</u>	<u>\$ 4,061,697</u>
29.00%	21.07%	18.46%	17.18%	63.89%

Legal Debt Margin Calculation for Fiscal Year 2014

Taxable Market value		\$ <u>374,889,900</u>
Debt limit (3% of Taxable Market Value)		11,246,697
Debt applicable to limit:		
Total bonded debt	\$ 18,151,000	
Less: Special Assessment Bonds	-	
Less: Tax Increment Bonds	(850,000)	
Less: Municipal State-Aid Bonds	(80,000)	
Less: Revenue Bonds	(2,620,000)	
Less: Revenue Notes	<u>(7,416,000)</u>	
Debt applicable to limit		<u>7,185,000</u>
Legal debt margin		<u>\$ 4,061,697</u>

City of Waseca
Pledged-Revenue Coverage,
Last Ten Fiscal Years

Schedule 13

Special Assessment Bonds

Fiscal Year	Revenue	Debt Service			Coverage
		Principal	Interest	Total	
2005	\$ 313,129	\$ 215,000	\$ 117,812	\$ 332,812	0.94
2006	55,204	385,000	108,290	493,290	0.11
2007	235,363	365,000	94,737	459,737	0.51
2008	157,346	360,000	80,689	440,689	0.36
2009	151,530	355,000	66,263	421,263	0.36
2010	167,412	360,000	51,710	411,710	0.41
2011	142,913	235,000	37,835	272,835	0.52
2012	123,356	235,000	26,763	261,763	0.47
2013	91,249	495,000	17,762	512,762	0.18
2014	-	-	-	-	-

Water Fund

Fiscal Year	Water Fund						
	*Less:		Net	Debt Service			Coverage
	Operating Expense	Available Revenue	Principal	Interest	Total		
Revenue							
2005	\$ 1,307,187	\$ 562,525	\$ 744,662	\$ 135,000	\$ 68,771	\$ 203,771	3.65
2006	1,133,859	528,166	605,693	145,000	63,350	208,350	2.91
2007	1,236,850	522,545	714,305	145,000	77,684	222,684	3.21
2008	1,151,331	525,506	625,825	195,000	66,565	261,565	2.39
2009	1,106,722	562,273	544,449	200,000	58,249	258,249	2.11
2010	1,161,596	597,353	564,243	120,000	49,400	169,400	3.33
2011	1,092,442	570,466	521,976	125,000	44,699	169,699	3.08
2012	1,149,518	596,674	552,844	130,000	39,710	169,710	3.26
2013	1,061,597	609,168	452,429	150,000	10,868	160,868	2.81
2014	1,134,134	686,090	448,044	155,000	8,475	163,475	2.74

Sanitary Sewer Fund

Summary Cover Fund								
Fiscal Year	*Less:		Net	Debt Service			Coverage	
	Revenue	Operating Expense	Available Revenue	Principal	Interest	Total		
2005	\$ 1,796,985	\$ 856,724	\$ 940,261	\$ 120,000	\$ 109,858	\$ 229,858	4.09	
2006	1,715,748	1,069,311	646,437	125,000	181,435	306,435	2.11	
2007	1,708,700	1,158,671	550,029	1,930,000	179,220	2,109,220	0.26	
2008	1,653,754	922,574	731,180	215,000	112,726	327,726	2.23	
2009	2,374,755	840,840	1,533,915	215,000	107,388	322,388	4.76	
2010	2,472,699	1,197,189	1,275,510	225,000	101,380	326,380	3.91	
2011	2,002,366	954,971	1,047,395	600,499	135,709	736,208	1.42	
2012	2,062,940	967,294	1,095,646	621,000	287,906	908,906	1.21	
2013	2,020,695	1,101,463	919,232	644,000	285,400	929,400	0.99	
2014	1,991,323	1,168,928	822,395	664,000	265,428	929,428	0.88	

Notes: Details regarding the City's outstanding debt can be found in the notes to the financial statements.

* Less depreciation

City of WasecaDemographic and Economic Statistics
Last Ten Calendar Years**Schedule 14**

Fiscal Year	Population	(1) Personal Income (Thousands of dollars)	(1) Per Capita Personal Income	(2) School Enrollment	(3) Unemployment Rate
2005	9,711	\$ 544,252	\$ 28,115	2,222	4.5%
2006	9,711	551,430	28,399	2,024	4.2%
2007	9,828	585,330	30,051	2,096	4.8%
2008	9,827	654,600	33,786	2,075	5.3%
2009	9,789	648,132	34,528	2,086	8.5%
2010	9,410	681,908	35,627	2,088	7.6%
2011	9,410	735,429	38,159	2,070	6.6%
2012	9,410	791,551	41,147	2,029	6.4%
2013	9,410	746,818	39,105	2,080	4.9%
2014	9,410	Not available	Not available	2,025	4.7%

Sources:

(1) Office of the State Demographer, which uses U.S. Department of Commerce, Bureau of Economic Analysis, Washington, D.C. Represents personal income and per capita personal income for Waseca County.

(2) Waseca Public Schools

(3) Minnesota Department of Economic Security for Waseca County.

City of Waseca**Schedule 15**

Principal Employers, Current Year and Nine Years Ago
Demographic and Economic Statistics

Employer	Product/Service	2014			2005		
		Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
Quad Graphics	Commercial Printing/Lithographic	1,055	1	11.21%	1,300	1	13.39%
Waseca Public Schools	Elementary/Secondary Schools	324	2	3.44%	450	3	4.63%
Itron Inc.	Instruments to Measure Electricity	298	3	3.17%	510	2	5.25%
Emerson Network Power	Electronic Components	230	4	2.44%	162	7	
Federal Correctional Institute	Government-Correction Institution	212	5	2.25%	220	4	2.27%
ELM Homes Inc	Residential Care	206	6	2.19%	164	6	1.69%
Waseca Medical Center	General Medical/Surgical Hospital	200	7	2.13%	188	5	1.94%
Data Radio COR Limited	Wireless Communications	200	8	2.13%			
Birds Eye Foods, Inc.	Frozen Specialties	159	9	1.69%	105	10	1.08%
County of Waseca	Government Offices	145	10	1.54%	135	8	1.39%
MediaCom	Cable / Internet	-		0.00%	120	9	1.24%
Total		3,029		32.19%	3,354		32.88%

Source: Official Statements used for City Debt Issues

City of Waseca
Schedule 16

Full-time-Equivalent City of Waseca Employees by Type,
Last Ten Fiscal Years

Full-time Equivalent Employees as of December 31,										
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
General Government										
Administration	4	4	4	4	3	3	3	3	3	2
Finance	3	3	3	4	4	3	3.5	3.5	3.5	3.5
Community Development	2	2	2	1	2	1	2	2	2	4
Total General Government	9	9	9	9	9	7	8.5	8.5	8.5	9.5
Public Safety										
Police	15	15	16	17	17	16	16	16	16	16
Safe Haven	-	-	-	-	-	-	-	-	-	1
Building Inspection	2	2	2	2	2	-	-	-	-	-
Fire	3	3	3	3	3	3	3	3	3	3
Total Public Safety	20	20	21	22	22	19	19	19	19	20
Public Works										
Engineering	5	5	5	4	3	3	3	3	3	3
Streets/Shop	11	11	11	11	10	10	10	10	10	10
Total Public Works	16	16	16	15	13	13	13	13	13	13
Culture & Recreation										
Parks	4	4	4	4	4	4	4	4	4	4
Water Park	-	-	1	1	1	1	1	1	1	1
Total Culture & Rec	4	4	5	5	5	5	5	5	5	5
Enterprise										
Water/WWTP	6	6	5	5	5	4	4	4	5	5
Electric	8	8	6	6	4	4	4	4	4	4
Utility Administration	-	-	2	2	2	2	2	2	2	2
Utility Billing	4	4	3	2	2	2	2.5	2.5	2.5	2.5
Total Enterprise	18	18	16	15	13	12	12.5	12.5	13.5	13.5
Total	67	67	67	66	62	56	58	58	59	61

Source: City Finance Department

City of Waseca
Operating Indicators by Function/Program
Last Ten Years

Schedule 17

Function/Program	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
General Government										
Elections	-	1	-	1	-	1	-	1	-	1
Registered voters		5,176		5,493		4,687		5,314		4,701
Number of votes cast		3,446		4,301		3,317		4,167		2,808
Voter participation (registered)		66.6%		78.3%		70.8%		78.4%		59.7%
Public Safety										
Police										
Admin Fines	-	-	-	-	-	-	-	198	214	189
Arrests	254	466	755	661	375	326	318	392	330	274
All citations & warnings	2,130	2,159	2,337	1,868	1,826	1,959	1,226	1,302	1,024	855
Calls for service	6,240	6,829	7,432	7,110	7,144	7,085	7,369	8,274	7,583	8,070
Fire										
Medical	431	408	422	414	369	430	406	415	422	452
Fire	131	108	73	72	92	89	87	148	132	164
Other Services	5	11	81	97	101	105	124	103	55	48
Inspections										
Building Permits	411	374	410	405	363	383	558	561	475	860
Value of Building Permits	\$ 33,663,100	\$ 14,973,880	\$ 5,841,601	\$ 8,810,988	\$ 6,327,512	\$ 8,874,557	\$ 10,821,320	\$ 13,837,343	\$ 10,194,793	\$ 9,352,477
Culture and Recreation										
Parks										
Park Reservations	91	109	98	103	130	101	102	107	99	107
Water Park-Attendance	-	-	29,598	29,892	19,839	27,877	25,383	25,881	26,637	20,191
Electric										
Outages	49	38	32	67	33	62	41	49	35	36

Source: Various City Departments

City of Waseca

Capital Asset Statistics by Function/Program
Last Ten Years

Schedule 18

Function/Program	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Public Safety										
Police										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol squads	11	12	11	11	11	11	11	11	9	9
Fire										
Stations	1	1	1	1	1	1	1	1	1	1
Fire Trucks	3	3	4	4	5	5	4	4	4	4
Public Works										
Vehicles	8	11	11	11	13	13	13	14	14	14
Streets (miles)	45	48	48	48	48	48	48	48	48	50
Culture & Recreation										
Library-Building	1	1	1	1	1	1	1	1	1	1
Water Park	-	-	1	1	1	1	1	1	1	1
Parks	15	15	15	15	15	15	15	15	15	15
Sanitary Sewer										
Collection System (miles)	44	44	44	44	44	45.9	46.1	46.1	46.1	46.1
Storm Sewer										
Storm sewer (miles)	40	40	40	40	40	40	40	40	40	36
Water										
Water main (miles)	54	56	56	56	56	56	56	56	56	56
Electric										
Annual consumption (KWH)	65,222,018	66,397,272	68,992,100	67,218,160	63,521,180	66,873,180	65,531,859	65,039,330	64,313,814	62,658,100

Source: Various City Departments